



IMPERIAL INSTITUTE
OF
AGRICULTURAL RESEARCH, PUSA.

THE
COUNCIL OF STATE DEBATES

VOLUME I, 1927

(8th February 1927 to 29th March 1927)

THIRD SESSION
OF THE
SECOND COUNCIL OF STATE, 1927



CALCUTTA : GOVERNMENT OF INDIA
CENTRAL PUBLICATION BRANCH
1927

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THE
COUNCIL OF STATE DEBATES
(OFFICIAL REPORT OF THE THIRD SESSION OF THE SECOND
COUNCIL OF STATE)

VOLUME IX
FIRST VOLUME OF SESSION 1927.

COUNCIL OF STATE.

Tuesday, the 8th February, 1927.

The Council met in the Council Chamber of the Council House in New Delhi, at Eleven of the Clock, being the first day of the Third Session of the Second Council of State, pursuant to section 63 D (2) of the Government of India Act, the Honourable the President (the Honourable Sir Henry Moncreiff Smith, Kt., C.I.E.) was in the Chair.

MEMBERS SWORN:

- The Honourable Mr. Harry Graham Haig, C.I.E. (Home Secretary);
- The Honourable Mr. Albert Frederic Lucas Brayne, C.I.E. (Finance Secretary);
- The Honourable Mr. Arthur Cecil McWatters, C.I.E. (Industries and Labour Secretary);
- The Honourable Mr. Frederick Buisson Evans, C.S.I. (Madras: Nominated Official);
- The Honourable Mr. George Arthur Thomas, C.I.E. (Bombay: Nominated Official);
- The Honourable Diwan Tek Chand, O.B.E. (Punjab: Nominated Official);
- The Honourable Mr. Henry Telford Stonor Forest (Bihar and Orissa: Nominated Official);
- The Honourable Maharajadhiraja Sir Bijay Chand Mahtab, of Burdwan, G.C.I.E., K.C.S.I., I.O.M. (Bengal: Nominated Non-Official).

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

PANEL OF CHAIRMEN.

THE HONOURABLE THE PRESIDENT: I have a Message for the Council from His Excellency the Governor General. It is as follows:—

"In pursuance of the provisions of sub-section (2) of section 63-A of the Government of India Act, I, Edward Frederick Lindley, Baron Irwin, hereby nominate the following Members of the Council of State to be on the panel of Chairmen of the said Council of State:

In the first place, the Honourable Sir Phiroze Cursetji Sethna; in the second place, the Honourable Sir S. R. M. Annamalai Chettiyar; in the third place, the Honourable Sir John William Anderson Bell; and lastly, the Honourable Khan Bahadur Maulvi Abdul Karim.

Sd. IRWIN,
Viceroy and Governor General."

(The message was received by the Members of Council standing.)

PRESENTATION AND DISCUSSION OF THE RAILWAY BUDGET.

THE HONOURABLE THE PRESIDENT: There is a further Message from His Excellency, as follows:—

"For the purposes of sub-section (1) of section 67A of the Government of India Act and in pursuance of Rules 43, 46 and 47 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Edward Frederick Lindley, Baron Irwin, hereby appoint the following days for the presentation to the Council of State and to the Legislative Assembly of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of Railways and for the subsequent stages in respect thereof in the Council of State and in the Legislative Assembly, namely:—

Friday, February 18th, Presentation in both Chambers;

Monday, February 21st, General discussion in the Council of State;

Tuesday, February 22nd, General discussion in the Legislative Assembly;

Wednesday, February 23rd,

Thursday, February 24th,

Friday, February 25th,

Saturday, February 26th,

} Voting of demands for grants in the Legislative Assembly.

Sd. IRWIN,
Viceroy and Governor General."

(The message was received by the Members of Council standing.)

COMMITTEE ON PETITIONS.

THE HONOURABLE THE PRESIDENT: Under Order 76 of the Council of State Standing Orders I am required at the commencement of the Session to constitute a Committee on Petitions consisting of a Chairman and four Members. The following Honourable Members have at my request kindly consented to preside over and serve on the Committee. I hereby accordingly have much pleasure in nominating as Chairman of the Committee the Honourable Rai Bahadur Lala Ram Saran Das, and as Members the Honourable Raja Sir Rampal Singh, the Honourable Sir Ebrahim Jaffer, the Honourable Sir Sankaran Nair and the Honourable Mr. P. C. Desika Chari.

QUESTIONS AND ANSWERS.

WEIGHMENT OF PASSENGERS' LUGGAGE.

1. THE HONOURABLE MR. MANMOHANDAS RAMJI: (a) Is it a fact that passengers' luggage especially in the third class, is weighed in moving trains of Railways under State control; and, if found even slightly in excess of the allowed weight, is charged for the total weight without deducting the allowance?

(b) If the answer be in the affirmative, do the Government propose to discontinue this practice and arrange in future to enforce stricter vigilance before allowing passengers to enter the platform?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) Government understand that when luggage in excess of the free allowance is found unbooked *en route*, the whole is weighed and charged for, as free allowance is only admissible when luggage is booked at the starting station. Passengers who have, however, booked a portion of their luggage and received the free allowance and who are subsequently found with additional luggage are charged only on the weight of such additional luggage.

(b) It is understood that the prevention of excess unbooked luggage being taken into trains is receiving attention.

BOOKING OF PICTURE-FRAMES, MOTOR TYRES, ETC., AT PARCEL RATES ON STATE RAILWAYS.

2. THE HONOURABLE MR. MANMOHANDAS RAMJI: (a) Is it a fact that, on certain State-managed Railways, passengers carrying certain articles of luggage, such as picture-frames, motor-tyres, etc., are compelled to book them separately at parcel rates without their being allowed to include their weight in the allowances?

(b) Is it a fact that, before the Government took over the management of the Railways from the Companies, passengers had the privilege of booking such articles as their personal luggage?

(c) If the answer to (b) be in the affirmative, what is the reason for this departure under Government management?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) Government have no information but understand that articles that are not *bond fide* luggage and bulky articles of any description which are considered inconvenient to carry as luggage are not accepted by railways as such.

(b) Government have no information.

(c) Does not arise.

EQUIPMENT OF THIRD CLASS CARRIAGES ON STATE RAILWAYS WITH ELECTRIC FANS.

3. THE HONOURABLE MR. MANMOHANDAS RAMJI: (a) Will the Government be pleased to state whether third class carriages of long distance trains of Railways under State management are equipped with electric fans, at least during the five hot months of the year, March to July?

(b) If not, do they propose to provide this convenience?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) and (b). Government do not propose to provide electric fans in lower class stock. The initial and recurring expenditure would be much too heavy.

DELIVERY BY THE GREAT INDIAN PENINSULA RAILWAY OF PARCELS AT
WADI BUNDER INSTEAD OF AT VICTORIA TERMINUS.

4. THE HONOURABLE MR. MANMOHANDAS RAMJI: Is it a fact that the delivery of parcels booked over the Great Indian Peninsula Railway to Bombay is now made at Wadi Bunder instead of at Victoria Terminus where it was made till recently?

THE HONOURABLE MR. A. F. L. BRAYNE: Government have no information.

PURCHASE OF SILVER.

5. THE HONOURABLE MR. MANMOHANDAS RAMJI: Will the Government be pleased to give the following figures:—

- (a) quantity of silver purchased by them every year during the last ten years;
- (b) average prices at which these purchases were effected; and
- (c) quantity of silver lying at present with the Government for currency purposes?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) and (b) The information required by the Honourable Member may be obtained from the Finance and Revenue Accounts of the Government of India *vide* Accounts No. 87A and 87B in the Finance and Revenue Accounts up to 1920-21 and Nos. 91 and 91A thereafter showing the profit and loss on rupee coinage.

(c) The weekly statement of the accounts of the Currency Department, which is published in the Gazette of India, gives the quantity of silver held on currency account.

SALE OF SILVER IN INDIA OR ABROAD.

6. THE HONOURABLE MR. MANMOHANDAS RAMJI: Do Government propose to effect sales of silver either in this country or abroad?

THE HONOURABLE MR. A. F. L. BRAYNE: The Government are not prepared to make any statement on this subject at present.

NUMBER OF INDIANS IN GOVERNMENT SERVICE IN GREAT BRITAIN
AND THE COLONIES.

7. THE HONOURABLE LALA SUKHBIR SINHA: Will Government lay on the table a statement showing the number of Indians in Government service in various Departments in Great Britain and in the British Dominions and Colonies in the year 1926?

THE HONOURABLE MR. H. G. HAIG: The Government of India do not consider they would be justified in putting other Governments to the trouble involved in the collection of this information.

THE HONOURABLE LALA SUKHBIR SINHA: May I put a supplementary question, Sir? Can the Honourable Member have a statement prepared of Indians in Great Britain only?

THE HONOURABLE MR. H. G. HAIG: I think, Sir, it would cause a good deal of trouble to all the Departments in Great Britain to supply the information.

THE HONOURABLE LALA SUKHBIR SINHA: If Government do not mind I would like to have the statement that I require.

THE HONOURABLE MR. H. G. HAIG: I will consider the matter.

THE HONOURABLE LALA SUKHBIR SINHA: Thank you.

BAR AGAINST INDIANS BEING EMPLOYED IN GREAT BRITAIN AND IN THE DOMINIONS.

8. THE HONOURABLE LALA SUKHBIR SINHA: Is there any bar against Indians getting service in Great Britain and in the British Dominions?

THE HONOURABLE MR. H. G. HAIG: The Honourable Member is presumably referring to legal disqualifications having special application to Indians. The Government of India are not aware of any.

ORIGINAL SIDES FOR THE LAHORE AND ALLAHABAD HIGH COURTS.

9. THE HONOURABLE LALA SUKHBIR SINHA: Will Government be pleased to state why an Original Side has not yet been opened in the Punjab and Allahabad High Courts?

THE HONOURABLE MR. H. G. HAIG: The Letters Patent of the Lahore and Allahabad High Courts do not confer on them ordinary original civil jurisdiction and there is therefore of course no Court exercising that jurisdiction. The Presidency High Courts inherited this jurisdiction which is not inherent in the constitution of a High Court from the former Supreme Courts, on the abolition of which it became necessary either to give the jurisdiction to the Courts which took their places, or to create new Courts for its exercise. The jurisdiction was conferred on the Presidency High Courts by their Letters Patent, and was practically confined to the towns of Calcutta, Madras and Bombay. The Calcutta High Court which was succeeded by the High Court for the North-Western Provinces did not possess such jurisdiction over those Provinces, and it was considered neither necessary nor desirable to confer it on the Allahabad High Court. Such jurisdiction also did not vest in the Punjab Chief Court before its conversion into a High Court, and the Letters Patent of the Lahore High Court consequently did not confer it. Government are not aware of any practical necessity for altering the arrangements in Allahabad and Lahore where conditions similar to those of the Presidency-towns do not obtain.

THE HONOURABLE LALA SUKHBIR SINHA: A supplementary question, Sir. Has not the Chief Court of Oudh this power at present?

THE HONOURABLE MR. H. G. HAIG: No, Sir.

THE HONOURABLE LALA SUKHBIR SINHA: Yes, Sir.

THE HONOURABLE MR. H. G. HAIG: To the best of my information it has not that power.

THE HONOURABLE LALA SUKHBIR SINHA: I think it has.

THE HONOURABLE MR. H. G. HAIG: The power only exists in the three Presidency-towns of Calcutta, Madras and Bombay.

THE HONOURABLE LALA SUKHBIR SINHA: Will the Honourable Member kindly inquire and let me know whether the Chief Court of Oudh has the power or not? I think it has.

THE HONOURABLE THE PRESIDENT: The Honourable Member has had an answer

APPOINTMENT OF INCOME-TAX OFFICERS.

10. THE HONOURABLE LALA SUKHBIR SINHA: Is the previous sanction of the Appointment Board or of the Local Government obtained to appointments made by Income-tax Commissioners to the office of Income-tax Officer?

THE HONOURABLE MR. A. F. L. BRAYNE: The Income-tax Officers are appointed by the Commissioners of Income-tax subject to the approval of the Local Government.

PROVISION OF INTERMEDIATE CLASS ACCOMMODATION ON THE CEYLON BOAT MAIL TRAINS OF THE SOUTH INDIAN RAILWAY.

11. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: (a) Is intermediate class accommodation provided in the up and down Ceylon Boat mail trains of the South Indian Railway metro-gauge?

(b) If intermediate class accommodation is provided, when was it first introduced, and what is the fare charged per mile?

(c) What was the average number of passengers per day that travelled in the intermediate class during the past three years, and what was the amount realized from passenger fares from that class during the same period?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) Yes.

(b) On the 1st June, 1922 The fare is $7\frac{1}{2}$ pies per mile.

(c) During the past three years, intermediate class passengers by this train averaged slightly over 41 per diem, and the earnings from them averaged about Rs 91,000 per annum.

INTERMEDIATE CLASS ACCOMMODATION ON THE SOUTH INDIAN RAILWAY.

12. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Has the attention of Government been called to the statement made in the proceedings of the Standing Finance Committee for Railways, dated 20th January 1926, Vol. II, No. 6, page 66, that "there is no Inter class on the South Indian Railway"? Is this statement correct?

THE HONOURABLE MR. A. F. L. BRAYNE: As the Honourable Member points out there was a slight inexactitude in the statement which is otherwise correct, since on one train only, the Ceylon boat mail, intermediate class accommodation is provided on the South Indian Railway.

EXHIBITION OF THE EARNINGS FROM FIRST, SECOND AND INTERMEDIATE CLASS PASSENGERS IN THE BUDGET ESTIMATES.

13. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Will the Government kindly explain why the earnings from first, second and intermediate class are not separately exhibited in the Budget estimates submitted to Government by the Railway Companies, but are grouped under the heading "upper class"? To what head was the income from intermediate class in the South Indian Railway credited since its introduction—upper or third class?

THE HONOURABLE MR. A. F. L. BRAYNE: There is a limit to the amount of details that can be exhibited in the budget estimates without making them too unwieldy for the practical purpose of this House and of the Legislative Assembly, and Government are therefore averse from making additions to the forms in which the estimates are prepared, which were approved by the Standing Finance Committee for Railways, unless there is clear necessity for doing so. But the income from each of the upper classes, including the intermediate class, is shown separately by Railways in the accounts, and the Honourable Member will find the figures for past years in volume II of the reports by the Railway Board on Indian Railways for those years. The statement for 1925-26 is on page 89 of the report.

The income from intermediate class on the South Indian Railway has been included in the income from upper class passengers.

SPECIAL POSTAL AND TELEGRAPH FACILITIES TO HEADS OF PROVINCES.

14. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Will the Government be pleased to state:—

(a) the total expenditure incurred annually by the Post and Telegraph Department in affording special postal and telegraph facilities to Heads of Provinces, *e.g.*, such as is involved in the establishment of separate camp post offices for their benefit?

(b) whether, in view of the commercialization of the Post and Telegraph Accounts, these charges are debited to the respective provinces and, if not, whether the Government will consider the desirability of transferring this expenditure to the Provincial Revenues in future?

(c) Is it a fact that, in the Province of Burma, the offices of Postmaster General, Director of Telegraph Engineering and Deputy Director of Railway Mail Service are combined in a single official, as against three distinct officers in the Presidencies and other Provinces?

(d) If so, what is the saving effected annually by this arrangement?

(e) Have the Government considered the possibility of extending the system now obtaining in Burma, namely, of concentrating in a single individual the separate functions now devolving on the Postmaster-General, Director, Telegraph Engineering, and the Deputy Postmaster General, Railway Mail Service, and have they tried the experiment in other places; if so, will the Government kindly publish the results of the experiment conducted by them?

THE HONOURABLE MR. A. C. McWATERS: (a) The information is being collected and will be furnished to the Honourable Member as soon as possible.

(b) These charges are not debited to the respective provinces. The Director-General is considering the desirability of reducing the special postal and telegraph facilities referred to in (a).

He is also considering the possibility of relieving the Department of the loss, if any, incurred in giving special postal and telegraph facilities to Heads of Provinces.

(c) Yes.

(d) The saving in having a combined Postmaster-General, and Director of Telegraph Engineering in Burma, is Rs. 26,796 a year. There is no saving in respect of the R. M. S., because in Burma, there is only one R. M. S. Division, which would not in any case warrant the appointment of a Deputy Postmaster-General, R. M. S.

(e) Yes, in the Bombay and Central Circles the Postmasters-General are, as an experimental measure, responsible both for postal and for telegraph engineering work. Government are not yet in a position to publish the results of the experiment. In the Bombay Circle, the Postmaster-General has recently been put in charge also of the Foreign Mail Division and of the "B" and "W" Divisions of the Western Circle, R. M. S.

THE MAKUT FOREST EXPLOITATION SCHEME, COORG

15. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: (a) Will the Government be pleased to state:—

(i) if it is a fact that the Makut Forest in Coorg was ordered by the Government of India to be exploited for wood for aeroplanes during war time;

(ii) whether the scheme proved a failure resulting in loss to the Government of Coorg; and

(iii) if so, the amount of loss incurred on this account and the officer responsible for the failure?

(b) Have the Government of India made or caused to be made any inquiries in regard to the Forest administration of Coorg with particular reference to this scheme?

(c) Are the Government aware that the Makut Forest exploitation has since ceased to operate?

(d) If so, has the previous sanction of the Government of India or of the Inspector-General of Forests been obtained to the winding up of this concern and, if not, why not?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: Information is being collected and will be supplied to the Honourable Member as soon as possible.

REPRESENTATION OF COORG IN THE CENTRAL LEGISLATURE.

16. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: (a) Will the Government be pleased to state whether the Province of Coorg is represented in the Central Legislature and, if not, why not?

(b) Is it a fact that the Legislative Council of Coorg has passed a Resolution demanding a seat for that Province in the Central Legislature and that their request has been forwarded to the Government of India with the favourable recommendation of the Coorg administration thereon?

(c) Will the Government kindly place on the table of the House all the correspondence that passed between the Government of Coorg and the Government of India on this subject, and state if the Government of India are prepared to reconsider their decision refusing to comply with the request of the Coorg administration to allot a seat for that Province in the Central Legislature?

THE HONOURABLE MR. H. G. HALG: (a) No. I invite the Honourable Member's attention to the considerations stated by Lord Reading in his reply to the address presented to him by the Coorg Landholders Association in 1923.

(b) Yes.

(c) Government are not prepared to place the correspondence on the table nor to revise their decision, which was reached after careful consideration of the factors involved.

SURPLUSES FROM THE DIRECT ADMINISTRATION OF COORG BY THE GOVERNMENT OF INDIA

17. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: (a) Will the Government be pleased to state the total amount of surpluses accrued from the direct administration of Coorg by the Government of India and appropriated by them during the period 1857—1924 or for any lesser period for which figures may be available?

(b) What was the opening balance left with the Government of Coorg at the time when its administration was provincialised in 1924?

(c) Is it a fact that the Coorg administration asked for a substantial opening balance to be allotted for them? Has any allotment been made and, if so, how much?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) Separate figures for the revenue and expenditure of Coorg are not available in the published accounts prior to the year 1924-25, when Coorg was constituted as a separate province.

(b) No opening balance was left with Coorg.

(c) The answer to the first part of the question is in the affirmative. As regards the second part, the matter is under consideration.

CIVILIAN APPRENTICE STORE-HOLDERS IN ARSENALS.

18. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: (a) Is it a fact that, in pursuance of the policy of the Indianization of the Army Department, the Director of Equipment and Ordnance Stores invited applications for the appointment of civilian apprentice store-holders in the various Arsenals in India in February, 1924?

(b) If so, what was the number of applications received and how many were finally selected and appointed?

(c) How many of the civilian apprentice store-holders so appointed were Indians and how many Anglo-Indians, and what was the pay offered to each of them during apprenticeship?

(d) Has any scheme been submitted by the Military Department to the Government of India, with regard to the Indianization of the Army Stores Department and, if so, when and what orders have been passed by the Government of India thereon?

(e) Will the Government kindly lay on the table of the House the scheme, if any, so submitted and all the correspondence, together with the final orders of the Government of India on this subject?

(f) Is it a fact that all these civilian apprentice store-holders have been given a month's notice of discharge and, if so, on what date?

(g) Will the Government be pleased to state if the notice of discharge was the outcome of their inefficiency; if not, what was the specific reason for dispensing with their services?

(h) Will the Government kindly place on the table all the periodical reports submitted by the officers of the various Arsenals, relative to the work of these civilian apprentice store-holders and to their character and capacity?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: With your permission, Sir, I will deal with all the eight clauses of this question as a whole.

With a view mainly to economy, an experimental scheme for the appointment of civilian store-holders in arsenals was inaugurated in February, 1924. The permanent appointments are at present held by British warrant and non-commissioned officers. Applications were invited for 20 posts of civilian apprentice store-holders. 53 candidates applied, and 20 were appointed. 13 of them were Indians and 7 Anglo-Indians. All were paid Rs. 4 per working day. Promising candidates were obtained with great difficulty, and of those who were originally appointed, one Anglo-Indian resigned very soon; one Indian has already been given other employment; and one Anglo-Indian has resigned recently. The appointed candidates were given clearly to understand at the time that they were on probation and had no claim to permanent employment.

The experiment was originally sanctioned for one year, but at the end of that time (as was stated in reply to a question asked in the Legislative Assembly, on the 9th September, 1925), the reports were not sufficiently satisfactory to warrant its permanent adoption, and the period was extended for another year. This extended period expired on the 31st October, 1926, and a month's notice was served on each apprentice on the 1st October. The notices were, however, subsequently cancelled.

Reports received at the end of last year confirm the view that a permanent scheme is most unlikely to prove successful. The difficulty is that these store-holders are required to deal almost entirely with British subordinate military personnel, to do which successfully, previous military training is in all but exceptional cases obviously necessary. Qualifications are therefore required which differ from those expected of ordinary store-keepers. Moreover, owing to the nature of their duties, the majority of the establishment must always consist of British warrant and

non-commissioned officers. The opening for civilian store-holders is thus very much restricted, and the prospects are not such as, generally speaking, to attract candidates with the requisite qualifications. A mixed personnel of civilians and subordinate military ranks does not, in practice, function efficiently or without friction. Government therefore have reluctantly abandoned for the present the idea of an expanding scheme of civilisation of the establishment of store-holders in Arsenals; but they do not wish to close the door permanently to the appointment of civilians. Civilians will continue to be eligible if they possess the qualifications required to enable them to work satisfactorily with British military personnel.

Of the 17 apprentice store-holders still remaining, 3 Indians and 3 Anglo-Indians have been reported on as efficient and likely to be fit to replace British store-holders. Their cases are being examined with a view to their permanent retention in place of British personnel. As regards the remainder, orders have been issued that those who are likely to be suitable for employment as clerks will be given the option of transfer to clerical appointments, while those who are unlikely to prove efficient in any capacity will be discharged.

The periodical reports submitted on the work, character and capacity of these apprentice store-holders are confidential reports, and cannot therefore be laid on the table; but if the Honourable Member would care to satisfy himself by applying either to me or to the Army Secretary, we should be glad to give him all the information that we can.

LEVY BY THE EAST AFRICAN GOVERNMENT OF A POLL-TAX ON INDIANS.

19. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Has the attention of the Government been drawn to the fact that the Government of East Africa propose to levy a poll-tax on Indians? If so, what steps do the Government propose to take in the matter?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: Yes. Ordinances have recently been passed in Kenya imposing taxes of 30s. and 20s. per head on European and Indian adult males for the purpose of raising funds to cover the cost of education in these two communities. Government are in communication with the Colonial Government on the subject.

RELEASE OF PERSONS DETAINED UNDER REGULATION III OF 1818.

20. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state whether they contemplate bringing the persons arrested under Regulation III of 1818 to trial or setting them free at an early date? If so, when?

THE HONOURABLE MR. H. G. HAIG: The policy of Government in regard to the release of persons detained under Regulation III of 1818 is to release them as and when considerations of the public safety permit. As stated recently by His Excellency the Viceroy, Government are prepared to release individuals as soon as they are satisfied that their release would not defeat the object for which they have been put under restraint, namely, the prevention of terrorist outrages.

DEFLATION OF CURRENCY AND SALE OF REVERSE COUNCIL BILLS

21. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state on how many occasions during the last five years they have adopted the policy of deflating the currency and selling Reverse Council Bills?

THE HONOURABLE MR. A. F. L. BRAYNE: There were no sales of Reverse Council Bills between September, 1920 and April, 1926. At the beginning of April, 1926, it was announced that the Imperial Bank of India would sell sterling without limit of amount on behalf of Government at the export gold point corresponding to the ratio of 8·47512 grains of fine gold per rupee, *i.e.*, at 1s. 5½*d.* for telegraphic transfers. No offers were made until last December when sterling to the amount of nearly £1½ millions was sold and the corresponding deflation of currency was effected. Net contractions of the currency, apart from seasonal operations, were also effected in the years 1921-22, 1922-23 and in the current year.

PROSECUTIONS UNDER SECTION 153A OF THE INDIAN PENAL CODE DURING THE LAST FIVE YEARS.

22. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state how many prosecutions have been instituted under section 153A of the Indian Penal Code during the last five years in the different provinces of India, respectively, and with what results?

THE HONOURABLE MR. H. G. HAIG: The information will be obtained from Local Governments, and when collected will be laid on the table of the House.

DELAY IN THE DELIVERY OF LETTERS TO PLACES LIKE JAYAGANJ IN THE DISTRICT OF DINAJPUR IN BENGAL.

23. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Is it a fact that letters take nearly 3 or 4 days to go from Calcutta to places like Jayaganj in the district of Dinajpur in Bengal, which is only about 8 miles distant from Nilphamari, a railway station on the northern section of the Eastern Bengal Railway? If so, what is the reason for such delay?

THE HONOURABLE MR. A. C. McWATTERS: It is a fact that letters from Calcutta have been reaching Jayaganj on the morning of the third day, as the Nilphamari post office was despatching mails for Jayaganj before the receipt of the Calcutta mails. Orders have been issued for the despatch of Jayaganj mails from the Nilphamari post office after the receipt of Calcutta mails so that Calcutta letters may reach Jayaganj on the second day.

ABSENCE OF PLATFORM AND WAITING ROOMS AT FARIDPUR STATION.

24. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Has the attention of the Government been drawn to the absence of a platform and waiting rooms at the Faridpur (East Bengal) railway station?

THE HONOURABLE MR. A. F. L. BRAYNE: No. The matter is one that the Agent of the Eastern Bengal Railway can settle himself and a copy of the question and this answer will be sent to him.

SELECTION OF THE ROUTE FOR THE DINAJPUR-RUHIA RAILWAY LINE.

25. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state whether the route for the Dinajpur-Ruhia railway line has been finally selected? If so, through what important places will it pass?

THE HONOURABLE MR. A. F. L. BRAYNE: The alignment, as selected for the Dinajpur-Ruhia Railway, will pass through Bochaganj, Pirganj and Shibganj and within a couple of miles of Thakurgaon, the headquarters of a Sub-division of the District. This alignment has had the approval of the local authorities and the approval of the Government of Bengal has been applied for.

RECOMMENDATIONS OF THE INDIAN TERRITORIAL FORCE, INDIAN MERCANTILE MARINE AND INDIAN TAXATION ENQUIRY COMMITTEES.

26. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state when and in what manner they are going to give effect to the recommendations of—

- (a) The Indian Territorial Force Committee;
- (b) The Indian Mercantile Marine Committee; and
- (c) The Indian Taxation Enquiry Committee?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) The views of the Government of India on the Report of the Auxiliary and Territorial Forces Committee are now before the Secretary of State and Government are unable to make any further statement.

(b) The S. S. "Dufferin" is being adapted as a training ship and is expected to be ready for use by September next. For the rest the Honourable Member is referred to the debate in the Legislative Assembly on Sir Sivaswamy Aiyar's Resolution on the subject in March last.

(c) The recommendations of the Committee are still under the consideration of the Central and Provincial Governments, and in this connection I would invite the Honourable Member's attention to the debates on the subject in Simla last August.

PUBLICATION OF THE REPORT OF THE INDIAN SANDHURST COMMITTEE.

27. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state when they will publish the report of the Indian Sandhurst Committee?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: The Government of India are now in correspondence with the Secretary of State on the question of the publication of the Report and connected matters.

As soon as a decision is reached an announcement will be made.

ARRIVAL OF TRAINS AT INCONVENIENT HOURS AT BOGRA, COMILLA AND NOAKHALI IN BENGAL.

28. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Has the attention of the Government been drawn to the inconvenient hours at which trains reach the towns of Bogra, Comilla and Noakhali in Bengal? If so, what steps do they propose to take?

THE HONOURABLE MR. A. F. L. BRAYNE: No, but a copy of the Honourable Member's question has been sent to the Agents of the Assam Bengal and Eastern Bengal Railways.

ABSENCE OF A THROUGH TRAIN FROM GOALUNDO TO NORTH BENGAL.

29. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Has the attention of the Government been drawn to the absence of a through train from Goalundo to North Bengal and to the late hour of the change at Poradah? If so, what steps do they propose to take?

THE HONOURABLE MR. A. F. L. BRAYNE: No, but a copy of the Honourable Member's question has been sent to the Agent, Eastern Bengal Railway, within whose competence it is to take any action that may be desirable and practicable.

TRAIN SERVICE FROM RAJBARI TO FARIDPUR

30. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state why a train starts from Rajbari (Eastern Bengal Railway) for Faridpur at 11 A.M., instead of at 11-40 A.M., at which hour she could also take passengers going by the up Chandpur mail from Calcutta and other places?

THE HONOURABLE MR. A. F. L. BRAYNE: I am afraid I do not know, but I have had a copy of the Honourable Member's question sent to the Agent, Eastern Bengal Railway, who will no doubt consider the matter.

COMPARISON OF FARES ON THE MYMENSINGH-BHAIRAB BAZAR RAILWAY AND THE EASTERN BENGAL RAILWAY.

31. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state whether the rate of passenger fares prevailing in the Mymensingh-Bhairab Bazar Railway is higher than that of the Eastern Bengal Railway? If so, why and what steps will the Government take to have them reduced?

THE HONOURABLE MR. A. F. L. BRAYNE: Third class passenger fares on the Mymensingh-Bhairab Bazar Railway are higher than on the Eastern Bengal Railway, but are the same as those on the Assam Bengal Railway which is the working agency. Government have at present no intention of proposing a reduction in them to the Managing Agents of the Mymensingh-Bhairab Bazar Railway Company.

SLOW SPEED OF THE MYMENSINGH-BHAIRAB BAZAR TRAINS.

32. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Has the attention of the Government been drawn to the slow speed of the Mymensingh-Bhairab Bazar trains? If so, what steps do the Government propose to take?

THE HONOURABLE MR. A. F. L. BRAYNE: No, but I have had a copy of the Honourable Member's question sent to the Agent, Assam Bengal Railway.

RETURN JOURNEY FARES ON THE EASTERN BENGAL RAILWAY.

33. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Is the rate for return journey fares prevailing on the Eastern Bengal Railway higher than that on the East Indian Railway? If so, do the Government propose to bring it down?

THE HONOURABLE MR. A. F. L. BRAYNE: Return journey fares are generally higher on the Eastern Bengal Railway than on the East Indian Railway. The financial results from the Eastern Bengal Railway do not at present warrant a reduction.

FLOODS IN THE SARAN DISTRICT IN 1923.

34. THE HONOURABLE MR. MAHENDRA PRASAD: (a) Is it a fact that a serious flood affected the eastern portion of the Saran district in 1923, and caused great damage to houses and crops there?

(b) Is it a fact that the committee appointed to consider measures for protection from flood suggested the construction of an embankment along the bank of the Ganges to protect the country from the havoc of the Ganges flood?

(c) Will the Government be pleased to state what the cost of such an embankment will be, and when the work is likely to be taken up?

(d) Will the Government be pleased to state what action is being taken by Government to ask the Bengal and North-Western Railway authorities to provide sufficient waterways in the new line between Sonapore and Dighwara to allow the flood water accumulating on the south of the line to pass down into the Chaunr on the north of it?

(e) Will the Government be pleased to state what action is being taken by the Local Government to drain off the rain or flood water of the Chaunr on the north of the new line, known as Hardia Chaunr, so as to make the land culturable after rains?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) The reply is in the affirmative.

(b) The Government of India have been unable to find any recommendation in the report of the Committee appointed by the Government of Bihar and Orissa to investigate the matter in the terms mentioned. On the contrary the Committee were generally of opinion that the construction of a continuous embankment on the Ganges was not desirable.

(c) Does not arise.

(d) Government have not taken and do not propose to take action in the direction suggested by the Honourable Member as the Committee have made no recommendations of the kind in their report.

(e) The Government of India have no information.

INCOME OF EACH PROVINCE AND ITS EXPENDITURE ON EDUCATION.

35. THE HONOURABLE MR. MAHENDRA PRASAD: Will the Government be pleased to lay on the table a statement showing the income of each Province and its expenditure on (a) Education, total, and (b) on Sanskrit education?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: A statement is laid on the table.

Statement showing the income of each province and its expenditure on (A) Education as a whole and (B) Sanskrit Education, 1925-26.

Province. (1)	Total income of the province. (2)	Total expenditure on education. (3)	Expenditure on Sanskrit education. (Approximately). (4)
	Rs.	Rs.	Rs.
Madras	16,93,59,763	1,87,44,520	54,296
Bombay	15,00,05,496	1,92,38,243	10,086
Bengal	10,70,58,000	1,31,72,599	2,19,811
United Provinces	12,71,10,478	1,85,00,000	86,000
Punjab	12,66,40,000	1,33,04,875	Not available.
Burma	10,56,02,968	(a) 97,01,124	Nil.
Bihar and Orissa	5,78,64,000	88,47,414	(b) 1,49,924
Central Provinces	5,46,15,475	53,47,607	63,019
Assam	2,53,83,000	25,11,000	16,000
Coorg	13,96,266	1,43,483	1,500
Delhi	22,60,762	5,81,147	Not available.
Baluchistan	22,00,000	2,78,000	840
Ajmer-Merwara	21,73,223	2,70,597	Not available.
North-West Frontier Province	Not available.	18,39,567	(b) 1,982

(a) Exclusive of expenditure on buildings.

(b) Exclusive of expenditure on Sanskrit teachers in ordinary schools and colleges.

NUMBER OF DISPENSARIES IN THE DIFFERENT PROVINCES.

36. THE HONOURABLE MR. MAHENDRA PRASAD: Will the Government be pleased to lay on the table a statement showing the area of each Province and the number of dispensaries in them, giving the average area served by each dispensary?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: A statement giving the information as far as available is laid on the table.

Statement showing the area of each province and the number of dispensaries in them with average area per dispensary.

Province.	Area in square miles.	Number of dispensaries at the end of 1925.	Average area per dispensary (square miles.)	Remarks.
Madras	142,260	(a) 959	148.3	(a) During 1924, the figures for 1925 not being available.
Bombay	123,541	(a) 637	193.9	
Bengal	76,843	986	77.9	
United Provinces	106,295	557	190.8	
Punjab	99,848	666	149.9	
Burma	283,707	(a) 291	803.1	(b) Figures for 1924-25.
Bihar and Orissa	83,161	580	143.4	
Central Provinces and Berar	99,876	303	329.6	
Assam	53,015	237	223.6	
N. W. F. Province	13,419	(b) 85	157.7	
Coorg	1,582	(b) 12	131.8	
Delhi	593	25	23.7	

PAY OF CERTAIN OFFICERS OF THE PROVINCIAL CIVIL SERVICES.

37. THE HONOURABLE MR. MAHENDRA PRASAD: Will the Government be pleased to lay on the table a statement showing the scale of pay given to (a) Officers of the Provincial Civil Service (Judicial and Executive, separately), (b) Officers in the Provincial Educational Service, (c) Graduate teachers in Government High Schools other than Head Masters, and (d) Graduate Sub-Inspectors or Sub-Deputy Inspectors of schools in each Province?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: (a), (b), (c) and (d). Information regarding the Provincial Civil and Educational Services is given in the Provincial Civil Lists, and paragraphs 53, 54 and 141 of the Eighth Quinquennial Review on Education, volume I, furnish the information desired in respect of the subordinate educational services in a consolidated form. The Honourable Member is referred to these publications.

FREE AND COMPULSORY EDUCATION IN EACH PROVINCE OF BRITISH INDIA.

38. THE HONOURABLE MR. MAHENDRA PRASAD: Will the Government be pleased to lay on the table a statement showing the names of District Boards or Municipalities in each Province of British India which have made education (1) free and compulsory, and (2) only free, and the extent and stage to which education has been made free or compulsory?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: Primary education where compulsory is always free. It is free in the North-West Frontier Province without being compulsory. For further information the Honourable Member is referred to page 22 of the publication "Education in India in 1924-25", a copy of which has been placed in the Library.

SEPARATION OF JUDICIAL AND EXECUTIVE FUNCTIONS.

39. THE HONOURABLE MR. MAHENDRA PRASAD: Will the Government be pleased to state what steps have been taken in each Province for separation of the Judicial and Executive and where the separation has actually been effected?

THE HONOURABLE MR. H. G. HAIG: Proposals have been received from the Governments of Madras, Bengal, the United Provinces and Bihar and Orissa which are being examined by the Government of India.

SUPPLY OF GOOD SEEDS AND IMPROVED IMPLEMENTS TO AGRICULTURISTS.

40. THE HONOURABLE MR. MAHENDRA PRASAD: Will the Government be pleased to state what steps are being taken for the supply of good seeds and improved implements of cultivation, such as ploughs, etc., to the village agriculturists by the Agriculture Department in each Province?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: The information asked for is contained in Chapter V of the Review of Agricultural Operations in India for the year 1924-25, a copy of which is available in the Members' Library.

OVERCROWDING OF TRAINS ON THE BENGAL AND NORTH-
WESTERN RAILWAY DURING FAIRS.

41. THE HONOURABLE MR MAHENDRA PRASAD: (a) Is it a fact that great overcrowding occurs in the trains of the Bengal and North-Western Railway during fairs, and that the passengers are carried in goods trains for want of a sufficient number of carriages for passengers?

(b) Will the Government be pleased to state what action, if any, has been taken by Government to compel the railway authorities to have a sufficient number of carriages always in stock to meet the exigencies of fairs and big gatherings and other occasions of a rush of pilgrims?

THE HONOURABLE MR. A. F. L. BRAYNE: A certain amount of crowding is inevitable during heavy *mela* traffic, and occurs on all railways during similar occurrences.

As regards the employment of goods wagons for the conveyance of passengers, the Bengal and North-Western Railway have been advised of the earnest desire of the Government of India that the carriage of passengers in goods wagons should be avoided, and that the possibility of pooling resources with other metre gauge railways to meet *mela* demands should be considered. All railways have also been asked to report all cases of the use of goods wagons for the carriage of passengers.

PROVISION OF WAITING ROOMS AT STATIONS ON THE BENGAL AND
NORTH-WESTERN RAILWAY.

42. THE HONOURABLE MR. MAHENDRA PRASAD: Will the Government be pleased to lay on the table a statement showing the names of the stations on the Bengal and North-Western Railway in the Province of Bihar, where 1 Up and 2 Down trains stop, which have no waiting rooms? Have the Government ever asked the Bengal and North-Western Railway authorities to provide waiting rooms at least at such stations? If not, do they intend asking the railway authorities to do so now?

THE HONOURABLE MR. A. F. L. BRAYNE: The Government have continually pressed on Railway Administrations, including the Bengal and North-Western Railway in recent years, the desirability of increasing amenities for passengers, third class passengers in particular, and if the Honourable Member will refer to the Administration Reports for the last 3 years he will find much information on the progress made by the different Railways in this respect. But they cannot undertake to decide on the relative urgency of such improvements as may be required. They must leave that to the Agent.

PROVISION OF AN INTERMEDIATE-CLASS WAITING ROOM AT KHARAGPUR.

43. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Is it proposed to provide a separate Intermediate-class waiting room at the Kharagpur Railway station of the Bengal Nagpur Railway in the District of Midnapore (Bengal)?

THE HONOURABLE MR. A. F. L. BRAYNE: We have no information to this effect, but a copy of the Honourable Member's question has been sent to the Agent, Bengal Nagpur Railway.

RAILWAY BETWEEN SANTRAGACHI AND VISHNUPUR.

44. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (a) Will the Honourable Member in charge of the Railway Department be pleased to state if any scheme was set on foot and acted upon by the Bengal Nagpur Railway to open a railway line between Santragachi and Vishnupur in the District of Bankura (Bengal), but subsequently abandoned owing to the outbreak of the last Great War?

(b) Will the Honourable Member be pleased to state if the aforesaid scheme will again be taken up by the railway authorities?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) and (b). A survey of the line has been carried out but its consideration has been deferred until better estimates can be made of the flow of trade and the development of suburban traffic. It will be taken up again at a favourable opportunity.

NUMBER OF PROBATIONERS APPOINTED AS POSTAL SUPERINTENDENTS IN BENGAL.

45. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (a) Will the Government of India be pleased to state the number of Probationers appointed as Postal Superintendents in Bengal during the last five years?

(b) How many of these probationers are Muhammadans, and how many of them have been confirmed as Superintendents of Post Offices?

THE HONOURABLE MR. A. C. MCWATTERS: (a) Two, (b) One, who has not yet been confirmed.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY: May I know from the Honourable Member when the information will be laid on the table of this House?

THE HONOURABLE MR. A. C. MCWATTERS: I do not quite follow the question. I have answered the question as it is on the paper.

NUMBER OF MUHAMMADAN CLERKS IN THE POSTAL DEPARTMENT IN THE BURDWAN DIVISION.

46. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will the Government of India be pleased to state the number of Muhammadans appointed as clerks in the Postal Department in the Burdwan Division, stating separately the numbers in Midnapore, Bankura and Hooghly?

THE HONOURABLE MR. A. C. MCWATTERS: The information is being collected and will be furnished to the Honourable Member in due course.

REDUCTION OF POSTAL RATES ON LETTERS AND POSTCARDS.

47. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (a) Will the Government of India be pleased to state if it is in contemplation to reduce the rates of letters and postcards and to bring them to the pre-war level?

(b) If the answer be in the affirmative, will the Government be pleased to state the date when the intention will be given effect to?

THE HONOURABLE MR. A. C. MCWATTERS: (a) and (b). It is impossible to answer the question in anticipation of the budget statement.

RECENT COMMUNAL RIOTS AT KHARAGPUR.

48. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (i) Will the Honourable Member in charge of the Home Department be pleased to state if an attempt was ever made by the Government to inquire into the cause of the recent communal riots that took place at Kharagpur in the District of Midnapore (Bengal)?

(ii) If so, will the Honourable Member in charge please state the result of the enquiry?

(iii) Will the Government be pleased to state what precautions have been taken by them to prevent the recurrence in future of such communal troubles at Kharagpur within the railway area at the Bengal Nagpur Railway Workshops? Did the Government ever suggest ways and means to the railway authorities to put a stop to such communal troubles within the workshops at Kharagpur in the District of Midnapore, Bengal?

THE HONOURABLE MR. H. G. HAIG: A report on the outbreak was received from the Government of Bengal.

(ii) The ultimate cause of the riot was the widespread communal tension, which had been aggravated at Kharagpur by reports of the disturbances which had taken place a little previously in Calcutta. The immediate cause was a quarrel which arose between some Muhammadans and a party of Telegus, while the latter were escorting a corpse with music past a mosque. Exaggerated rumours of the affair were quickly circulated and led to an outbreak of rioting.

(iii) Various precautionary measures for the future were under the consideration of the Local Government when they sent their report but, as the matter is primarily one for the Local Government, I am not in a position to say exactly what steps have been taken. The Government of India did not make any suggestions to the railway authorities.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in accordance with Rule 25 of the Indian Legislative Rules, I lay on the table copies of a Bill further to amend the Indian Limitation Act, 1908, for certain purposes (Amendment of sections 20 and 21); a Bill further to amend the Indian Registration Act, 1908, for a certain purpose; and of a Bill further to amend the Indian Limitation Act, 1908, for a certain purpose (Amendment of Article 182 of Schedule I), which Bills were passed by the Legislative Assembly at its meetings held on the 31st January and 2nd and 7th February, 1927.

MESSAGE FROM THE LEGISLATIVE ASSEMBLY.

SECRETARY OF THE COUNCIL: Sir, the following Message has been received from the Legislative Assembly. The Message runs as follows:

"In accordance with Rule 36 (1) of the Indian Legislative Rules I am directed to inform you that the amendment made by the Council of State in the Bill to provide for the constitution of Bar Councils in British India and for other purposes, was taken into consideration by the Legislative Assembly at their meeting to-day, the 2nd September, 1926, and that the Assembly have agreed to the amendment."

GOVERNOR GENERAL'S ASSENT TO BILLS.

SECRETARY OF THE COUNCIL: Sir, information has been received that His Excellency the Governor General has been pleased to grant his assent to the following Bills:

- The Usurious Loans (Amendment) Act, 1926.
- The Workmen's Compensation (Amendment) Act, 1926.
- The Negotiable Instruments (Interest) Act, 1926.
- The Indian Evidence (Amendment) Act, 1926.
- The Administrator General's (Amendment) Act, 1926.
- The Indian Companies (Amendment) Act, 1926.
- The Sind Courts (Supplementary) Act, 1926.
- The Cantonments (Amendment) Act, 1926.
- The Code of Criminal Procedure (Third Amendment) Act, 1926.
- The Indian Succession (Amendment) Act, 1926.
- The Indian Bar Councils Act, 1926.
- The Provincial Insolvency (Amendment) Act, 1926.
- The Indian Succession (Amendment) Act, 1926.

AGREEMENT BETWEEN THE UNITED KINGDOM AND ESTONIA RE TONNAGE MEASUREMENT OF MERCHANT SHIPS.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): On behalf of the Honourable Mr. Corbett, I lay on the table the Agreement between the United Kingdom and Estonia regarding Tonnage Measurement of Merchant Ships, together with Notes exchanged.

REPORT OF THE COMMITTEE APPOINTED TO INQUIRE INTO THE PRIVILEGES AND STATUS OF MEMBERS OF THE COUNCIL OF STATE.

THE HONOURABLE THE PRESIDENT: I lay on the table the Report of the Committee appointed to inquire into the privileges and status of Members of the Council of State.

Members of the House will remember that this Committee was appointed at the instance of Mr. K. C. Roy, who was a member of the Committee and who would in the ordinary course have presented the Report. As he has gone to another place, I have laid it for him as Chairman of that Committee.

I desire to explain to the House that having laid the Report I propose personally, for obvious reasons, to take no further steps in the matter. The proper course, if any Member desires to pursue the matter further, is for him to give notice of a Resolution recommending to the Government that it should give effect with or without modification or should not give effect to the various recommendations contained in the Report. That Resolution, if admitted and if it obtains a place in the ballot, will then come on for discussion in the ordinary course.

CONGRATULATIONS TO THE HONOURABLE SIR JOHN BELL.

THE HONOURABLE THE PRESIDENT: Before proceeding to the legislative business of the Session—a notable Session in that it takes place in this spacious building which was opened by His Excellency the Viceroy three weeks ago—I have to ask the House to join with me in offering our congratulations to one who has been honoured since we last met. I do not propose to speak of the Honourable Sir John Bell's labours outside the Legislature, in public life and in the world of commerce. They are well known all over the country. Sir John Bell has been a Member of this Council for several Sessions. Latterly he has been one of the Chairmen appointed by His Excellency the Governor General. In debate Sir John has invariably followed the rule which so many Members of this House have set for themselves—never to speak unless he has a thorough mastery of his subject; and it is for that reason that I from my place here have noticed that whenever Sir John rises to speak his words are listened to with interest, care and attention, and that his views command respect from all sides of the House. Moreover, Sir John Bell, though his activities outside are numerous and must indeed at times be overwhelming, has invariably been assiduous in attending to his duties in the Legislature. I would ask the House to join with me in congratulating the Honourable Sir John Bell on the dignity of knighthood recently conferred upon him and in hoping that he may live long to enjoy the honour.

THE HONOURABLE SIR JOHN BELL (Bengal Chamber of Commerce): Sir, I desire to thank you very warmly for the very kind reference you have made to me and I also am very much indebted to my Honourable friends, the Members of the Council of State, for the manner in which they have received your remarks. It adds very much to the pleasure that I feel at having received the honour to know that it is approved of by you, Sir, and by my Honourable friends the Members of this Council.

PROVIDENT FUNDS (AMENDMENT) BILL.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Education, Health and Lands Member): Sir, I move for leave to introduce a Bill further to amend the Provident Funds Act, 1925, for a certain purpose.

The Bill, as Honourable Members will have noticed, is a very small one and of a non-controversial nature. It proposes to confer certain benefits on a class of servants employed in the Educational Department who, owing to the law being what it is, are denied that privilege. At the present moment, only teachers employed in educational institutions have the benefit of becoming members of any provident fund which the Government might organise. Cases have come to the notice of the Government of India in which similar concessions are called for but which could not be granted in view of the wording of the present Act. The cases that I have in view relate to the clerical establishments employed in the offices of the educational councils which have come into existence, particularly in the Madras Presidency, as a result of the Elementary Education Act of 1920 which the Madras Legislature passed. The two other cases which are intended to be brought under the ambit of this privilege, if this Bill is sanctioned, relate to librarians and clerks employed in educational institutions. These small officials are, in common with the

teachers who already got the benefit, in non-pensionable service, and it is only meet and proper that some provision must be made for their old age.

I therefore move, Sir, for leave to introduce the Bill.

The motion was adopted.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH:
Sir, I introduce the Bill.

BENGAL TENANCY (AMENDMENT) BILL.

THE HONOURABLE MR. S. R. DAS (Law Member): Sir, I move for leave to introduce a Bill further to amend the Bengal Tenancy Act, 1885, for a certain purpose.

As Honourable Members will have noticed this is even a smaller Bill than that introduced by my colleague. It is intended to give effect to one of the recommendations of the Civil Justice Committee and refers to the Bengal Tenancy Act. Under that Act, the appeal to the High Court in rent suits of Munsifs or Subordinate Judges are restricted to decrees above the value of Rs. 50 and Rs. 100, respectively, and the object of this Bill is to raise that limit to Rs. 100 and Rs. 200, that is Rs. 100 for Munsifs and Rs. 200 for Subordinate Judges and District Judges. But it does not affect the present right of appeal even from decrees of smaller values where these decrees affect the question of title or rate of rent. The recommendation has been approved by the Government of Bengal and the Calcutta High Court and the necessity for bringing it in the Central Legislature is that it affects the appellate jurisdiction of the High Court.

Sir, I move

The motion was adopted

THE HONOURABLE MR. S. R. DAS: Sir, I introduce the Bill.

MADRAS SALT (AMENDMENT) BILL.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I move for leave to introduce a Bill further to amend the Madras Salt Act, 1889, for a certain purpose.

This, Sir, is a very tiny measure indeed and has been fully stated in the Statement of Objects and Reasons. I do not think it is necessary for me to add any further statement.

Sir, I move for leave to introduce the Bill.

The motion was adopted.

THE HONOURABLE MR. A. F. L. BRAYNE: Sir, I introduce the Bill.

STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Education, Health and Lands Member): Sir, the list of business for to-morrow is already in the hands of Honourable Members. The business

[Khan Bahadur Sir Muhammad Habibullah]

on the next official day will include a motion by the Honourable Mr. Corbett for leave to introduce a Bill to consolidate and amend the law relating to the provision, maintenance and control of lighthouses by the Government in British India, and motions for the consideration of the Bills which have been introduced to-day, as well as of the Bills passed by the Assembly which have been laid on the table to-day.

As the three days' interval referred to in Rule 27 of the Indian Legislative Rules and in the proviso to Standing Order 37 will not expire in the case of these Bills till Friday next, it is suggested that the next official meeting might conveniently be held on that day instead of on Thursday.

THE HONOURABLE THE PRESIDENT: The Council will now adjourn till 11 o'clock to-morrow morning and thereafter, in view of what the Honourable the Leader of the House has just said, the next meeting will be one for the disposal of Government business on Friday, the 11th February.

The Council then adjourned till Eleven of the Clock on Wednesday, the 9th February, 1927.

COUNCIL OF STATE.

Wednesday, 9th February, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN:

The Honourable Mr. G. L. Corbett, C.I.E. (Commerce Secretary).

QUESTIONS AND ANSWERS.

CONTEMPLATED PLACING UNDER RESTRAINT OF THE HONOURABLE HAJI
ABU AHMED A. K. GHUZNAVI.

49. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI:
Will the Government be pleased to state—

- (a) whether it is a fact that the Government of Bengal decided or recommended or contemplated a few months ago that the Honourable Haji Abu Ahmed A. K. Ghuznavi should be bound over or placed under restraint or interned;
- (b) if the answer to (a) is in the affirmative, will the Government be pleased to state the grounds on which such detention, restriction or internment was decided upon, recommended or contemplated and why the same was not given effect to?

THE HONOURABLE MR. H. G. HAIG: The Government of India have no information.

POLL-TAX ON INDIANS IN KENYA.

50. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI:
Has the attention of the Government been drawn to the proposed poll-tax sought to be imposed on Indians in Kenya? If so, what steps do the Government propose to take with regard to it?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH:
The attention of the Honourable Member is invited to the reply given by me yesterday to his question No. 19 on the same subject.

ENHANCEMENT OF THE RAILWAY FREIGHT ON KHADDAR CLOTH.

51. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI:
Is it a fact that railway freight on Khaddar cloth has of late been raised by about 147 per cent. over what it was 5 years ago, and that the rule that such rates cannot be enhanced by more than 25 per cent. has been abrogated to give effect to such enhancement?

THE HONOURABLE MR. G. L. CORBETT: No. Khaddar is classified on all railways under the head of piece-goods, the permissible rates for which during the last seven years have not been raised by more than 25 per cent. The Honourable Member is probably referring to the fact that prior to 1924 some railways charged Khadi or Khaddar under a lower classification, then existing, but now abolished, for Garah or Kharwa cloth, and on those railways the increase has, of course, owing to the change in classification, been larger, though nothing like 147 per cent. but the classification of Khaddar as piece-goods was adopted generally on all railways in 1924.

ACQUISITION OF LAND FOR THE VIZAGAPATAM HARBOUR.

52. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI

(a) Will the Government be pleased to state the amount of money spent in acquiring sites for the Vizagapatam harbour?

(b) Is it a fact that in certain cases the prices paid for the acquisition of lands for the above harbour are higher than the current market prices? If so, how much higher?

(c) Did the Government of Madras prosecute an officer in charge of land acquisition for the said harbour? If so, what has happened to such prosecution?

(d) Are the Government contemplating the criminal prosecution of the officer or officers responsible for the mismanagement, if any, with regard to the land acquisition for the said harbour?

(e) Is it a fact that the Chief Engineer in charge of the said harbour scheme has imported certain contractors from Portuguese India for constructing the harbour? If so, have the claims of the Indian contractors been considered?

THE HONOURABLE MR. G. L. CORBETT: (a) Rs. 45,00,000 approximately.

(b) Yes.

(c) and (d). An inquiry was held by the Government of Madras into the conduct of the officer responsible for the acquisition of land for the Vizagapatam Harbour and as a result of this he was dismissed from Government service. No criminal prosecution is contemplated.

(e) The answer to the first part of the question is in the negative and the second does not arise.

PROGRESS IN THE CONSTRUCTION OF THE RAIPUR-VIZIANAGRAM RAILWAY.

53. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state the progress made in the Raipur-Vizianagram railway construction?

THE HONOURABLE MR. G. L. CORBETT: The section from Vizianagram to Parvatipuram has been open for traffic since March, 1909. On the remaining section from Parvatipuram to Raipur, which is now under construction, about 10 per cent. of the work has been completed.

EXPENDITURE ON THE VIZAGAPATAM HARBOUR.

54. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI:

(a) Will the Government be pleased to state the total amount of money spent up to now on the construction of the Vizagapatam harbour and whether it has been up to, or in excess of, the estimate of expenses and the amount of excess, if any?

(b) Has the attention of Government been drawn to the necessity of constant dredging involved in the Vizagapatam harbour scheme by the fact of a river flowing into the said harbour?

(c) Is it a fact that the sea at the mouth of the above harbour is showing a tendency to recede? If so, is the Government satisfied of the feasibility of taking steps to prevent such receding?

THE HONOURABLE MR. G. L. CORBETT: (a) Rs. 60,96,760 had been spent on the construction of the harbour up to 30th September, 1926. A revised estimate of the cost is shortly expected, but, apart from any additional works which may be proposed, it is not anticipated that it will vary appreciably from the original estimate.

(b) Naturally, Government did not overlook the point raised by the Honourable Member's question, and would not have undertaken this scheme if the cost of dredging to keep the harbour open had been likely to make the project unprofitable. But the project provides for tidal scour basins which will have the effect of keeping the channel bar clear by tidal action, and there are therefore no grounds for the Honourable Member's apprehensions.

(c) There are no indications that the mouth of the harbour is showing a tendency to recede.

RAILWAY FROM INDIA TO BURMA.

55. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Are the Government contemplating the connection of India with Burma by railway? If so, when and by what route?

THE HONOURABLE MR. G. L. CORBETT: Surveys have been made of several routes connecting India with Burma, but construction is not likely to be taken in hand in the near future nor has a route been decided on.

NUMBER OF CASES DEALT WITH BY THE RAILWAY RATES ADVISORY COMMITTEE.

56. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state the number of cases dealt with by the Railway Rates Tribunal?

THE HONOURABLE MR. G. L. CORBETT: Up to date two cases have been referred to the Railway Rates Advisory Committee. Six other applications have been made to Agents of various railways. Of these six applications, two have been forwarded to the Government of India with the Agents' remarks and are under consideration. Agents' statements are awaited as regards the other four cases.

THE HONOURABLE MR. V. RAMADAS PANTULU: Do the Government expect that there will be an increased number of cases as a result of the recent changes in the rules?

THE HONOURABLE MR. G. L. CORBETT: I am afraid I could not quite hear, Sir.

(The question was not repeated.)

RAILWAY BRIDGE AT BALLY.

57. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state—

(a) the progress made in the proposed construction of the Railway bridge at Bally in Bengal; and

(b) whether and to what extent the materials for the construction of the said bridge are Indian?

THE HONOURABLE MR. G. L. CORBETT: (a) The work has only lately been put in hand and progress in the initial stages of the construction is, of necessity, rather slow.

(b) Orders for pontoons and well curbs have been placed in Calcutta. Designs for the superstructure are still under preparation, and tenders for this portion of the work will be called for in due course.

RESOLUTION *RE* PROHIBITION OF ALCOHOLIC LIQUORS IN LOCAL ADMINISTRATIONS UNDER THE DIRECT CONTROL OF THE GOVERNMENT OF INDIA.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadian): Sir, I beg to move the following Resolution:

"This Council recommends to the Governor General in Council that a policy of prohibition of the use of alcoholic liquors should be adopted in the local Administrations under the direct control of the Government of India."

I wish to say a word, Sir, with reference to the frame and the scope of my Resolution. Now that the excise revenue is a provincial source of income and is a transferred subject, I have necessarily to limit the scope of my Resolution to sources of income from excise which the Central Government derives. I know that the custom duties on foreign liquor throughout India are still a source of income for the Central Government, but I wanted to raise the whole question of prohibition relating to foreign liquors as well as indigenous liquors, and, therefore, I have chosen to restrict my Resolution to the Administrations under the direct control of the Government of India, so that I may be able to speak generally on the policy of prohibition.

Sir, with regard to the policy of the Government which has hitherto been pursued it may be compendiously described as a policy of "regulation" as opposed to a policy of prevention or "prohibition." From the very inception of the raising of excise revenue by the Government their policy has been one of mere regulation. So early as 1888-89 I find that in a Despatch Lord Crewe laid down three definite principles as forming the fundamentals of the Government excise policy. His Lordship said:

"that any extension of the habit of drinking was to be discouraged; secondly, that the tax was to be as high as possible without encouraging illicit manufacture and vend; and thirdly, that, subject to these considerations, the maximum revenue was to be raised from the minimum consumption of intoxicating liquors."

The general effect of the recommendations of the Excise Committee of 1905-06 has been merely to follow this policy only in greater detail. I find that the Government of India in their Resolution of 1905 have reiterated their policy in these words:

"The Government of India have no desire to interfere with the habits of those who use alcohol in moderation. This is regarded by them as outside the duty of the Government, and it is necessary in their opinion to make due provision for the needs of persons. Their settled policy, however, is to minimise the temptation to those who do not drink and to discourage excess among those who do."

Then again, as a result of a deputation, headed by Sir Herbert Roberts, which waited on Lord Crewe in the year 1912, the whole question of the excise policy was reviewed both by the Government of India and by the Secretary of State, and in a comprehensive Resolution the Government of India laid down once more their excise policy in 1914. I find, Sir, that the Government of India then said:

"In these circumstances we do not consider that we should be justified in prohibiting moderate consumption even with a view to check occasional abuse. Our policy is not aimed at those who use alcohol in moderation. We merely attempt by raising the retail price to minimise the temptation to those who do not drink and to discourage excess among those who do."

That this policy remains the same to this day is evident from the fact that in the year of grace 1927 my Honourable friend, Mr. Brayne, has tabled an amendment to my Resolution which is substantially in the same words which were used by Lord Cross in 1888. So a careful perusal of the official documents relating to excise policy brings out two matters very prominently, namely, that the Government of India are very definitely opposed to a policy of prohibition or prevention, and secondly, that the Government of India admit and they indeed claim that they are pursuing a policy of moderation by regulating the use of liquor. With regard to the first, I shall have something to say when I give my reasons in favour of a policy of prohibition. With regard to the second, namely, the claim of the Government to have succeeded in effectively regulating the use of alcoholic liquors, I shall deal immediately. The Government have controverted very vigorously the criticisms levelled against them that their policy has really tended to increase the consumption of liquors. They have defended themselves by saying that drink is not an evil which has come to India in the wake of the British advent. They say that the drink evil had been there before the British came; and they have made also the astounding statement that the classes whose habits of life are framed with a strict regard to social restrictions form in India no larger proportion of the population than in other countries; that is, the teetotallers of other countries correspond to the non-drinking classes in India. That is the first claim they make. Secondly, they say that they have adopted a policy whereby they have effectively checked consumption. The policy may be very briefly summed up in three words. Firstly, a strict administrative control over the trade by the extinction of the illicit trade by extending the distillery system or otherwise; secondly, by materially reducing the facilities for drink; and thirdly, by economic check on the use of liquors by taxation and the consequent enhancement in the price of liquor. By this policy they claim they have reduced consumption. I may at once state that this claim of the Government of India is challenged by some very well-informed people. The Government of India, when they make the statement that the drink evil is as much an evil as in other countries,

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are, I think, making a statement which is somewhat hazardous. So far as India is concerned, there are vast communities of people who by sentiment, by religious tenets, by social custom, are precluded from drinking and look upon drink as a thing to be absolutely avoided. The Hindu, the Muhammadan and the Buddhist communities are all interdicted from drinking by their religious precepts. The ancient law-giver, Manu, is still respected in India, and in one dictum he says:

“With the drinkers of *Madhu* let no one eat, no one join in a sacrifice, no one read. With such a wretch let no one be allied in marriage. Let him be abject and excluded from all social privileges.”

Though many of our social regulations are now relaxed, I maintain that the dictum of Manu is still respected by the vast majority of the people. The Buddhistic injunctions aim at the same result, and the Koran I am told contains very strict injunctions against drink. Therefore, the claim of the Government of India that the drink evil had already been in vogue in a very large measure when they came to India is, I should think, absolutely unfounded. Then they say that their policy has resulted in a material reduction of consumption, and quote statistics. Recently Sir Basil Blackett has adduced many figures to show that there has been a material reduction in the consumption of country liquors during the last 12 years. I am not disposed to dispute his statement. It may be that there has been some reduction in the consumption of country liquors. But that statement by itself does not amount to very much for the reasons which I shall immediately state. First of all, there is great difficulty in finding out the actual production and consumption of all sorts of liquors. In the province from which I come there is a variety of drink called fermented toddy, which yields no less than 46 per cent. of the total excise revenue of the province, and there are certain accounts to show the number of trees tapped. But, so far as I know, there are no accounts from which we can gather either the quantity of liquor produced by these trees or the amount consumed. Therefore, if country spirits are made dearer, there is no guarantee that the people have not resorted to the less costly or the cheaper variety of toddy. I find that in Burma as much as 41 per cent. of the revenue is derived from this kind of toddy, and I find that in Burma, Bihar and Orissa, Bengal, the United Provinces and Assam, there are no accounts to show even the number of trees tapped, not to say that there are no accounts to show either the quantity of liquor produced or the amount consumed.

Therefore there are really no reliable statistics to show that if there is a decrease in the consumption of country spirits there has not been a corresponding increase in the other varieties of the cheaper liquors. In fact, when the Government of India made this somewhat sweeping claim for the success of their policy in the Resolution of 1914, Lord Crewe himself very politely demurred to their claim in these words:

“The general conclusion that the action of Government has checked any widespread expansion of consumption over India as a whole is unfortunately qualified by the fact that in certain areas alluded to in the Local Governments' reports an increase alike of consumption and of intemperance must be admitted and faced.”

Therefore, Sir, I maintain that the popular belief that the drink evil has grown is, in my opinion, absolutely justified. The Government of India

admit that there has been an increase, an enormous increase, in their excise revenue, but justify it by saying that it is the natural result of their excise system which does not indicate that there has been a proportionate increase in the consumption. In 1904 the total excise revenue of India was 7½ crores. Twenty years later, in 1924, it was 21 crores. It is somewhat difficult to believe that the Government increased their revenue from 7½ to 21 crores without a very large increase in the consumption of liquors. Therefore, I maintain that the policy hitherto adopted by the Government has been a failure and it has not resulted in any effective checking of the use of alcoholic liquors. Therefore it is now time for the Government of India to consider whether, in the interests of the country and the interests of the poor people who are the chief victims of this evil, they should not revise their policy and adopt a more stringent policy towards prevention or prohibition.

This policy of prohibition is essentially based upon a moral issue. I do not wish to expatiate upon the morals of not drinking, but I only wish to say what a moral issue really means. Of the various views put forth upon this question of moral issue I believe that the definition of moral issue by an American writer is the best suited to India. What he says is:

"A moral issue is an issue on which something akin to emotional horror is evoked against a given practice. Such a feeling is commonly evoked against killing, stealing, lying, adultery and a far other things. When such a feeling of emotional horror exists, it is useless to talk of the differences between moderate and immoderate indulgence. The thing itself even in the moderate form is looked upon with emotional aversion."

The question is, is the drink evil a thing which ought to excite such emotional horror and which ought to be prevented? I maintain that it is. Even the Government of India do not dispute the fact that drink is a serious evil and that it is injurious both to the individual as well as to society. They only say that the State cannot resort to compulsion, and it would be outside the duty of the State to take up any attitude of prohibition. But if we survey the whole question from the results which have already been produced in India and from the results produced elsewhere in the world and the conclusions arrived at by expert bodies which were asked to investigate the question, there can, I think, be no two opinions on the question that drinking ought to be prohibited in every well-managed State. I shall not now refer to America, because a volume of controversy is raging over the success of prohibition in America, though personally, from the literature I have read and also from the very important and useful information which I received from the exponents of prohibition who recently visited Madras and delivered a series of lectures, I am satisfied that prohibition is a great success in America. I shall not allude to that question in this Council to-day, but I shall refer to one or two opinions which were recently expressed by very expert bodies which I think ought to make any State to pause and consider and revise their excise policy. In the year 1918 an expert scientific committee appointed by Lord D'Abernon and which included such eminent scientists as Professor Sherrington and Sir George Newman collected a lot of evidence and said that they found indications in that evidence that parental alcoholism may have a serious detrimental influence on the stock; but at that time they said that they lacked confirmation and that the issue was so vital in its nature that they would prefer to defer their conclusions until confirmation is received from other sources. Such confirmation very

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quickly followed and it came from investigations made in Rockefeller's Institute of Medical Research and also by the National Birth-Rate Commission of 1918-20. That Commission said in their report:

"The evidence before them established beyond question that parental alcoholism is capable of exercising an injurious influence on the birth-rate both from a quantitative and qualitative point of view."

There cannot be any possible doubt after these and other opinions of experts that it is a racial poison which ought to be eliminated in the interests of the future population of this country, and I think a very heavy responsibility rests upon the State to see that the future of this country is not injuriously affected by persisting in their excise policy which is having the effect of spreading the drink evil. Another authority, Sir Leonard Rogers, characterised the opinion that in tropical climates alcoholic beverage in small quantities is a necessity as a "*mischievous delusion*". It is unnecessary for me to multiply authorities on the question of the evils of drink which ought to be patent to every well-wisher of the country.

On the side of economic efficiency, the Great War has revealed to us that real economies in men and food can be effected only by eliminating the drink evil. The experience of America and even of England itself of the enormous economies which could be effected, and how the social, material and moral conditions of the country could be improved if only a section of the population is weaned away from this drink evil is sufficient to reveal to anybody who reads the history of the War the benefits that flowed from a policy of even partial prohibition that was carried on in those countries. Therefore, I do not think I need plead very much more for this policy of prohibition.

But the question is, how is it to be effected? It may be effected either gradually by resorting to local option or by taking the very serious and bold step of total prohibition. I know that the Government of India are not friendly even to the policy of local option. In fact, in the Resolution of 1914 the Government of India objected to local advisory committees being invested with any large licensing powers because those boards would introduce local option by prohibiting the sale of liquor altogether in localities. Lord Crewe very mildly hinted that that attitude of the Government of India was not quite the right one. He said that, if public opinion favoured prohibition of drink, the Government of India ought not to object to local option and that the powers of advisory committees ought not to be stringently restricted in that direction. One or two arguments that were adduced against prohibition I may briefly allude to. The most formidable objection that is raised is that the prohibition of the use of alcoholic liquors will result in a tremendous fall in revenue to the country. In 1924, the amount of revenue was 21 crores. I do not know how much it is to-day. The question is, how to make up this large sum of money if we resort to prohibition all of a sudden? That does not trouble me, because it is not for me to suggest ways and means to the Government of India as to how they should find their revenue if they were to lose this immoral source of revenue. Immoral sources should go. If the Government are making money by the slave traffic or the drink traffic, that income ought to go, and it is for them to find out ways and means of replacing it. I have not

to make the Budget for the Government of India. Let the Government of India place the financial administration of this country in the peoples' hands; they will be able to make up a Budget in which the drink traffic will not find a place on the credit side. The Government can find ways and means of meeting deficiencies. Apart from that, if the question is seriously tackled, ways and means will follow. This revenue comes from the poorest of the poor, people who have no wealth and lands and who are sunk in ignorance and poverty. When that source of revenue is cut off and you have to find other money, the burden will naturally fall upon the shoulders of people who have property, who have money to contribute, but who are not responsible for the loss of this revenue. If social justice is to be done to the poor classes, the richer classes will not draw back from their responsibility of shouldering the burden, and any readjustment of taxation will not be unwelcome to the people of this country, because they know that the national strength lies in the uplifting of the poorer classes who have become inefficient and demoralised through the drink habit. I can assure you that this House and this country will not fail to do its duty by their poorer brethren, who are sunk in this miserable condition on account of drink.

Again, in regard to the question of ways and means, if the Government are serious, that question can be tackled by appointing a committee which will go into the whole matter of finding out ways and means. That problem has never been tackled, for the simple reason that the Government policy has been to derive as much revenue as possible from this immoral source, justifying their action by saying that the increase in revenue has not resulted in an increase in consumption. Even the Government of India do not say that the increase in taxation and the consequent enhancement of retail prices has resulted in any decrease in consumption; but they say that it has not resulted in an increase in consumption. This is a poor consolation. The Honourable Sir Basil Blackett went so far as to compare India with other countries and to say that the effects of the Government of India policy have borne fruit. He said that while the consumption per hundred of population is 2·68 gallons in India, it is 15·33 gallons in Ceylon and 30 gallons in England, and 58 gallons in Scotland. The sentiment in the countries he names does not object to drink. Everybody there drinks, though they may not get drunk. So such a comparison does not hold good with a country like India where large numbers do not drink at all. If the question of ways and means is taken up seriously by the Government of India, then they could tackle this question of prohibition or prevention.

Then again this fall of 20 crores in revenue may be spread over 20 years or any period that the Government may fix so as to be gradually wiped out. The Ministers of the Government of Bombay have laid down that their goal is prohibition in 20 years, though recently a committee appointed by the Bombay Government have arrived at an opposite conclusion. It should not be impossible for the Government to find out how this loss of revenue can be spread over a period of years.

THE HONOURABLE THE PRESIDENT: I would remind the Honourable Member that he has two minutes left. I warn him now because, in view of the heavy list of business, I do not think it will be fair to those who have business to bring forward, to allow any latitude in the time-limit.

THE HONOURABLE MR. V. RAMADAS PANTULU: There is a precedent that when the opium traffic with China had to be given up, Government found some method by which they could make up the revenue. A similar measure could be adopted here, and the whole country will be behind the Government of India.

In view of what the Honourable the President has said, I do not wish to take up more time at present. I shall have to say a few words more when replying. I am aware that at the present time there are various administrative and other difficulties in regard to pushing forward this policy. There is conflict between the Government of India and the provinces. I know that in my province recently permission was refused to introduce a local option Bill. In Bombay the Minister was also tied down because his policy encroached on the Government of India's rights. Any measure of local option would be futile, if it does not deal with prohibition of foreign liquors also, which is the Central Government's concern. These difficulties are not insurmountable because they are matters of financial adjustment between the Government of India and the provinces, and I therefore hope that the Government of India will see their way to act courageously and adopt a policy of prohibition in the place of one of moderation, which the Government Member is going to re-advocate by his amendment in spite of it having failed in the past.

With these words I commend my Resolution to the House.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I beg to move as an amendment:

“That for the original Resolution the following be substituted, namely:

‘This Council recommends to the Governor General in Council that a policy designed to promote and ensure moderation in the use of alcoholic liquors should be adopted in the local Administrations under the direct control of the Government of India.’”

Sir, as my Honourable friend Mr. Ramadas Pantulu observed, this amendment is a statement in epitome of the declared policy of the Government of India, to which they have held for many years before the Reforms. It is a policy designed to check consumption by imposing taxation at a high rate, but not so high as to induce illicit distillation and smuggling. It is also designed to effect drastic limitation in the number of shops and in the facility of obtaining liquor. It is further designed to limit the hours of sale and the strength of liquor, and they have, as far as possible, followed the policy of consulting local opinion. That this general policy has achieved a great measure of success is clear from the fact that the consumption of country liquor in India has fallen from 7 gallons per hundred of population, in 1883, to 4 gallons in 1912-13, and to just over 2½ gallons in 1923-24, while imports of alcoholic liquor from abroad have decreased from 6½ gallons in 1913-14 to 5½ gallons in 1925-26. My Honourable friend Mr. Pantulu rather questioned these statistics, but until he is able to produce more reliable statistics I am afraid they must stand. The Government have never regarded a policy of prohibition as either desirable or feasible in India. At this stage I

may say, I think, Sir, that we are not concerned with the revenue aspect of the question. This Resolution deals only with the Administrations under the Government of India, and I think our total excise revenue from that source is only about 20 lakhs. The Resolution need not be discussed on the question of revenue. As regards other revenue which the Government of India obtain from customs duty on imported liquor, this also need not enter into the discussion as the Government of India cannot enforce a policy of prohibition on Local Governments. The objections to the policy, as a whole, fall under three heads: one, that it is unmoral: two, that it is unattainable or practically unattainable, and three, so far as the territories under the Government of India are concerned, it is unnecessary. It is unmoral for the reason that it interferes with the liberty of the subject in matters that ought to be left to him to work out his own salvation. The State has no right to interfere with the domestic concerns of the individual, unless there is evidence of a very severe abuse, so serious indeed that it is a menace to the well-being of the body politic; and also prohibition makes a crime of what is not a crime. It is a policy which has been adopted in many countries and almost everywhere; after it has been adopted, it has been rejected very largely because it has led to deterioration in the moral fibre of the people. What actually happens is, that under a policy of prohibition illicit distillation and smuggling are rife. These evils cannot be prevented by any means because the profits from illicit distillation are so enormous that those who carry out the excise administration are bound to be corrupted. People then see that the law is broken stealthily or even openly, and from the breaking of the excise laws there proceeds a gradual development of lawlessness in almost every other department of life. There is also the grave danger of stimulating the traffic in dangerous drugs, such as cocaine. I need not refer to America, as the Honourable Mr. Pantulu has only briefly raised that question, but I think there is much to be said on both sides about America. At any rate it is too early to dogmatise. It is for reasons such as these that the impossibility of carrying out prohibition in the Canadian States, in Newfoundland, in Hungary and, to a certain degree, in Norway, was recognized. Also in the second place, true prohibition is practically unattainable in the territories under the control of the Government of India; I refer particularly to Delhi, Ajmer, the North-West Frontier Province and Baluchistan. I should like to carry the House back to the year 1310, when the Emperor Alauddin Khilji reigned in Delhi. Apparently through a fit of remorse, because, I believe, he himself was not a total abstainer, he imposed a policy of prohibition on the city of Delhi, which was then a walled city. There would be greater difficulty to-day because I have not heard that the Government of India propose to build a wall round the New City. I quote a paraphrase from the *Tarikh-i-Firoz Shah*, which was written about 1356, and is reproduced in the 39th Volume of the Journal of the Royal Asiatic Society. Alauddin proclaimed general prohibition. Distillation however continued and a considerable amount of liquor was imported into the city. The guards on the gates were doubled and smugglers were very severely handled by the law, but we have it that the evil thing still continued and people resorted to villages at a safe distance to drink, or distilled in their own homes. Eventually after a struggle the Emperor was driven to permit that distillation might be conducted privately and alcohol so distilled might be consumed in private, and the only restriction which remained was upon its sale. It is curious

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how history repeats itself. That is exactly what has happened in America to-day, as the law courts in America have, I understand, held that distillation is permissible in private. If then it was so difficult then, I would ask the House how it would be possible to-day to enforce a policy of prohibition, say, in Delhi. It would be necessary to arrange for a very large cordon of guards, a very large establishment indeed, on the boundaries. All communication by road and rail would be most severely restricted. Further, inside the Delhi area, we would have a large preventive staff, giving rise to espionage and constant interference with the sanctity of the home because illicit distillation is so simple a process. Further prohibition could not even be attempted unless the neighbouring provinces of the Punjab, and the United Provinces and the Indian States could be induced to accept the same policy. It is also in fact unnecessary to enforce this drastic measure because there is no evidence of a great drink evil in the territories under the Government of India. I notice from the report of the Excise Committee in Bombay in 1924 that, strong prohibitionists though they were, they were compelled to admit that India was an abstemious country, that the great majority of the people were entirely sober, and that the regular drunkard was unknown. I think the same statement would apply to the territories under the Government of India. As I have already stated, the average consumption of country liquor for India, as a whole, has decreased by 50 per cent. since 1883, and the figure that remains, $2\frac{1}{2}$ gallons per hundred of the population per annum is an extremely moderate one. At the same time the importation of foreign liquors is nothing so great as it was before the War. I quote a few statistics in support of the view that steady progress has been made in the reduction of consumption of alcoholic liquors in the areas now under consideration. The consumption of country spirit in Delhi has decreased from 32,000 proof gallons in 1912-13 to 16,000 gallons in 1924-25. The consumption is still very low in the North-West Frontier Province, about one gallon per hundred of the population per annum. It has been kept at that figure in spite of a considerable growth of prosperity and peaceful conditions, and, if the figures for Ajmer and Baluchistan are not quite so good, it is largely due to the peculiarly difficult conditions under which excise restrictions are imposed in those areas. But at the same time the number of liquor shops has decreased in these 12 years in Ajmer from 128 to 106; in the North-West Frontier Province, with a population of $2\frac{1}{2}$ millions, from 37 to 26, and in Baluchistan from 62 to 51. Statistics of the number of convictions for drunkenness are as follows. They indicate an increasing sobriety under the policy of restriction now pursued. In Ajmer there were 152 in 1912-13, but only 62 in 1924-25. In the North-West Frontier Province convictions decreased from 96 to 21, and in Baluchistan from 65 to 40. There is I maintain absolutely no evidence of any abuse in the present use of liquor in these areas such as would justify so drastic a measure as prohibition. I would therefore ask the House to accept the amendment which I have proposed and which seems to me a much more reasonable course of action.

THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB OF BURDWAN (Bengal: Nominated Non-Official): Sir, I must candidly confess that I do not like either the Resolution of my Honourable friend

Mr. Ramadas Pantulu or that moved as an amendment by the Honourable Mr. Brayne. I may say that I am myself a teetotaller; in consequence, the Resolution does not affect me personally. But I am always opposed to any Resolution which affects social reform being brought into a House of Elders like the Council of State. I should have thought that the elders of this House, being experienced human beings, would have realized that there are certain human failings which, however much one may desire that they should not be there, however much one may wish to bring man to the level of God, are not likely ever to go. Just like the sexual appetite, there are certain other appetites in man which have got to be satisfied. It is true we deprecate drinking, and we do not like to see a drunkard. But it is equally true that drink is a habit that has lasted since the world was created. I admit that to a Hindu like my friend, the Mover of the Resolution, there is, apart from any other sentiment, a religious sentiment against drinking. There is also the other side of the question that one does not like to see the habit of drink being on the increase in one's country. But I must say, Sir, that what the Honourable Mr. Brayne has pointed out is very true, and one cannot help admitting another fact here, and that is, that on the question of drink, at any rate, the eastern mind must differ in certain fundamental aspects from that of the western mind; and I am sure that my friend, even within the small area in which he wishes to bring in this total prohibition would allow Mr Brayne or anybody else to have his whisky and soda, and would not consider that to be a sin according to the Shastras. What I think, therefore, Sir, is this that such legislation and such wishes should be severely left alone inside the chamber of a legislative body like this. If we have got any influence among our people, we can make them drink less, but I do not think that more than that is possible. After a hard day's labour in Bengal when the labourer goes to the toddy or Pachwari shop, from the humanitarian point of view I say is it quite fair to deny him entirely a drink? As I say, I am a teetotaller, but I feel that there are always two aspects of a thing, and because the other, the mere human aspect, appeals to me, I am unable to accept the Resolution of my friend; and the reason that I am not much in favour of the Resolution of the Honourable Mr Brayne—although of course if the Government wish to put it forward, I for one will not oppose it—is this, that there is no true ring of sincerity in it. England, being a western country, realizes, knows, what the value is, even from the health point of view of a little drink: and I say that there is no true sincerity in the amendment proposed, and for that reason I do not favour that either.

THE HONOURABLE SETH GOVIND DAS (Central Provinces: General): I rise, Sir, to support the Resolution of my Honourable friend, Mr. Ramadas Pantulu. I am surprised to see, Sir, that even to such a beneficial Resolution an amendment is moved. It is really difficult to understand the official mind and its working. The Honourable Mover of the amendment has just said that, unless there is an urgent necessity, the Government should not interfere in such a thing. May I ask him, Sir, if this is not the most urgent thing in the country at present? The whole population of the country is suffering terribly on account of this evil. I have personal experience, Sir, of hundreds of my villagers and I venture to say that the majority of the population of the rural areas are suffering tremendously on account of this evil.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): What about *ganja* and *bhang* in Jubbulpore?

THE HONOURABLE SETH GOVIND DAS: That is also a thing which requires consideration later on. That evil has not of course gone so far as this drink evil has; everybody will have to admit that. Well, Sir, I have seen, and it is my personal experience, that hundreds of villagers cannot reap their harvest, cannot sow their seeds at the proper time on account of this evil. And then, Sir, the Honourable Mover of the amendment says that, unless it is an absolute necessity, the Government should not interfere. Well, Sir, I think that this is the most vital issue in the country at present, and if the Government are going to neglect this, I think they are neglecting their first and foremost duty. Then, Sir, my Honourable friend, the Maharaja of Burdwan, has said that questions of social reform should not be considered in this House. He goes further and asks: "Will you hamper the wishes of the people? Would you like that a man toiling for a whole day who goes to a toddy shop should be prevented from going there?" Well, Sir, I would ask him, supposing after great toil a man wants to commit suicide, is he not going to hamper that? Well, Sir, if he will go a little deeply into the question, he will see that the people, though they do not commit suicide all of a sudden on account of drink, do so gradually, and many people, and I say many rich people and many Maharajas too have lost their lives on account of this evil. Then, Sir, it is generally said that such questions should not be brought into the Legislature and people should educate public opinion. I may point out that we were doing this very thing in 1920 and 1921 at the time of the non-co-operation movement. That is also my personal experience, Sir: I was myself picketing, I was a volunteer, and I went to liquor shops and picketed. And, Sir, what came in our way? 12 Noon. The Government. If the Government had not come in our way at that time, there would have been no need to bring this proposition in the House to-day. At that time in the name of law and order we were hampered and to-day when we bring up this question it is said that we should take public opinion into consideration. You cannot eat the cake and at the same time have it too. That is not possible.

Now, the Honourable the Mover of the Resolution has said that he will not say anything about America. Of course, Sir, we should not ignore America, because it is the only country where prohibition was tried. And what do we find? The Honourable the Mover of the amendment says that much can be said about America on both sides. I think, Sir, that much can be said on the side of the Honourable the Mover of the Resolution and less can be said on the side of the Honourable the Mover of the amendment. We find, Sir, that after 1920 when this policy was adopted by America, America has progressed by leaps and bounds in health, in morality and in material prosperity. The death-rate at that time in America was 17.6 per cent. And what is it to-day? It is 11.1 per cent. The percentage of students attending schools at that time was 73 per cent., now it has gone up to 90 per cent. The number of motor cars which Americans possessed at that time was 1 million, and to-day it is over 11 millions and the ownership of the Banks increased from 30 to 72.6 per cent. I admit that war profits and other things also are partly the reason for this prosperity. I do not deny that, but prohibition is also one

of the main reasons for the prosperity of America. There is no doubt of this at least in my mind.

THE HONOURABLE SIR MANECKJI DADABHOY: If you had come to Maiden's Hotel yesterday you would have seen of Americans something very different.

THE HONOURABLE SETH GOVIND DAS: I did not go to Maiden's Hotel yesterday, nor am I likely to go there in future. Then, Sir, I think what America could achieve in such a long time India can achieve in a shorter time, because, as the Honourable the Mover of the Resolution said, both from the religious point of view and from the point of view of social customs we are all opposed to this drink evil. With these few words, Sir, I support the Resolution of my Honourable friend Mr. Ramadas Pantulu and oppose the amendment which is merely a pious wish and a wish for which, I think, the Honourable the Mover of the amendment himself is not ready to do anything.

THE HONOURABLE SIR SANKARAN NAIR (Madras: Non-Muhammadan): Sir, I regret the Honourable Member who spoke on behalf of Government has ignored the great moral and social issues involved in this matter. We, in India, of both religions, Hindus and Muhammadans, loathe this drinking habit, we detest it and we want Government therefore to carry out this prohibition policy. It is in consonance with the highest dictates of Christian civilization. The policy of a foreign Government in India should never be to lag behind the moral conscience of the country; if they pass a law to-day that there should be prohibition throughout the country from the Himalayas to Cape Comorin the moral conscience of the country will support them. Why should not they do that? There have been detestable practices in this country supported by religion which were being followed during the time of the East India Company and later. They have been silently, quietly, without anybody saying anything, swept away by the Penal Code. Nobody raised a voice against it. The Indian Penal Code stood in the way of those detestable practices and they have all been swept away. Suppose you pass a law of prohibition in the country, then every social leader, every reform leader, will take advantage of it. They will feel that the Government are behind them. They can go on preaching, as my friend said he had been doing, social reform. This law will be a power behind them and they will be able to say: "Don't do the thing. This is the right thing and the Government are with us." Why do you say you should not interfere with the freedom of the people? Don't you interfere with the freedom of people when they want to commit a thing which is not right? If you say you will not interfere, you are ignoring the history of social reform in England for years past. Don't they in England prohibit the sale of liquor during certain hours and to certain classes of individuals? Don't they prohibit obnoxious practices in England and in India? What is the use of saying then you will not interfere in a matter of this sort if we feel that it is not the right thing to do? To me it appears totally absurd. There were just one or two words which the Honourable Mover said with reference to this great moral issue. He said it is "not desirable." I do not know why he said that and why it is not desirable from this moral

[Sir Sankaran Nair.]

standpoint he does not say. Does he mean to say that the moral consciousness of England is against prohibition? Otherwise why should it not be carried out? Apart from that fact, Sir, they say it is not practicable. I do not base my argument on practicability. If the thing is right, if it is necessary in the interests of morality, if it is necessary in the interests of the health of the people, if it is necessary for the future well-being of future generations of the country, the Government must do it. A Home Rule Government will enforce it. I said I do not rest my argument upon that, but still I may say a word against it. What did they do with the salt manufacture? Didn't the Government stop it? Didn't people do everything that they could in order to evade laws? If they can do that in a matter which brings them revenue, is it not because this will deprive them of revenue that they do not take the necessary steps which are necessary for the enforcement of that moral law? I submit there should be no hesitation. Muhammadans will support you, Hindus will support you. Suppose you pass a law that no liquor should be sold to a Muhammadan, male or female. Do you think any Muhammadan will object to it? Suppose you pass a law that no liquor should be sold to a Brahmin. Do you think any Brahmin will object to it? They will support it wholeheartedly. Do you think they will oppose a law that no liquor should be sold to women? The whole country would support you. If you pass a law that no liquor should be sold to a child or a boy, do you mean to say that the whole conscience of the country would not support you? What is the meaning then of saying that you will not interfere in the matter of the liberty of the people? I do not understand that. I do not speak of Europeans. They may have their liquor. But I say, so far as Hindus and Muhammadans are concerned, we want it. We want it on religious grounds, we want it on moral grounds, we want it on social grounds, we want it in the interests of the health of the country.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, I rise to oppose the proposition as moved and to support the amendment as it has been moved also, and the reason why I do this is that the view which the Government of India take, as embodied in the amendment, to my mind represents the eternal policy that we have followed in India. Mention has been made about Hindus and liquor not being sold to Hindus and all that sort of thing. As a matter of fact, this craving for liquor or intoxicant is implanted in man by nature, and no amount of legislation or no amount of pious cursing will take it away. It cannot be eradicated. In the Hindu religion, of which I can speak with some knowledge I believe, what did they do? They followed the same policy as the Government of India are following now. The Government of India want to discourage drink by imposing taxes and making it difficult for people to obtain it. Manu did the same thing. He says if you want to drink "*Sowthramanyam suragrahaha*." When you perform the sacrifice of Santramani you may drink. We are in modern times, but even then when you perform some religious duty you have a glass of champagne or whisky. Then there are others who in the performance of their duties do require liquor. Are you going to prohibit this? Mention was made of religious ceremonies. I do not think my friend has heard of the ceremony called Communion, in which the wine is changed into the blood of Christ. Wine is a very ancient part of the ceremonies which have entered into

religions. Apart from the religious aspect of the matter, take the case of the poor working man who has no other comfort but a glass of wine to drink after his hard day's work. He has no palatial house to live in, no one to shampoo his legs when he returns home, he has a glass of wine and goes to sleep. You want to deprive that man of the comfort of a glass in the evening.

My friend said that poverty has increased because of drink, and the death-rate has also increased. Every day we come nearer to death. We cannot help it I suppose, no matter whether we drink or not. From the time of birth you are approaching death nearer and nearer. (*An Honourable Member*: "But by drink still nearer!") I do not think so. If **drink** brought death nearer, how is it that doctors prescribe it under **certain** circumstances? There are prescriptions given in the form of liquor. In the ancient days they gave you stimulants that lasted six months, one dose. My friend thinks that death is hastened by liquor. I say that death is delayed by liquor. When a man gets a cold you give him a strong drink of whisky. When a man has been drowned you give him a glass of whisky and he comes round. You prefer a man to die rather than administer a glass of wine to bring him round. These things are carried to extremes always by fanatics. My friend talks of his personal experience in picketing. They called it non-co-operation and non-violence, but non-violence meant shutting of the doors and shouting everybody down. They call it non-violence but in my language I call it very great violence. They were very violently intolerant of the opinions of others. My voters were shut up in a room and they would not let them come out and vote for me. I do not say everybody should get drunk. That is not my idea nor is it that of the Government of India. We want reasonable hours, a reasonable limit. A man is entitled to enjoy what God has provided, so that what right have the Government to take away what little comfort there is in life, especially in the lives of poor people? In this world a man cannot do what he wishes to do. This is about the only thing a man may do. He can drink in his own room as much as he pleases and nobody can interfere with him. If you walk on the road you must walk on the left or get run over. Do whatever you like the law comes in. I object to the law being permitted to penetrate to my bedroom.

Another thing that **has** been said is that—but on second thoughts I need not go into the question. I think America is more wet to-day than it was before. In my nature and in the nature of many people, there is an element which prompts one to do a thing because it is prohibited. If a thing is prohibited there is all the more reason for doing it. I think prohibition with regard to liquor is just the way of increasing the evil of drink, and prohibition ought therefore never to be carried out at all. In the olden days they made the performance of religious observances a sort of check, and common sense is also a good check. If my friends can go about and persuade people not to drink, that would be the best way to prevent the evil. If you **prohibit** them they will go into the forests and distil liquor. What can the police do? Nor can you watch every tree. Toddy was mentioned **by** the Honourable Mover. Toddy is a food, it is not a drink. You take it from the tree. Many people live on it. So is the Mohawa flower. People eat it and during famine times that is the only food that the poor people get. You want to stop them. This is civilisation gone mad. Civilisation becomes a fad when you carry it to extremes.

[Mr. G. S. Khaparde.]

I therefore support the amendment of my Honourable friend, Mr. Brayne. It is about the wisest policy that has been followed up to this time from the days of Manu.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadian): Sir, it is admitted by all that alcohol has got very bad effects on the body. It is admitted also, by scientists and doctors, religionists, moralists and socialists that alcohol has a bad effect on the mind, because 50 per cent. of the inmates of the lunatic asylums are those addicted to drink. It affects the stomach because it retards digestion. It poisons the blood and instead of preventing disease, alcohol predisposes towards disease. In fact alcohol is poison to every part of the body, not only for the human body but also for plants and lower life, so that alcohol is not good for anybody and any thing except when used as a chemical. It shortens the life of individuals, it makes men mad, it drains a man's purse, it makes him neglect his home, and altogether it is an extremely bad thing which ought not to be used at all. My friend, the Honourable Maharajahdhiraja of Burdwan, said it was just like sexual appetite. Everyone has sexual appetite which is a physiological function, whereas the appetite for alcohol is pathological and is not common to everyone. I challenge him to prove it.

Then again, he said "the labourer after his day's work when he comes home wants some comfort". Sir, when a labourer comes home after a heavy day's work, with his body aching, what he requires is some food which will strengthen and revive him and not something which will intoxicate him. Alcohol is a poison which intoxicates and instead of that he ought to have coffee or milk or tea, which will revive him and strengthen his body. So, to advocate that a labourer should take alcohol at the end of his day's work is one of the most dangerous things any one can do.

Then, Sir, it is said that doctors use alcohol for their patients. But those days are gone. Nowadays, doctors do not use alcohol. I have been practising for the last 30 years and I have never used even a drop of alcohol for my patients and they have all recovered without it. On the other hand, patients addicted to alcohol cannot withstand cases of serious illness, like pneumonia. So, alcohol is no good even for sick people. (*An Honourable Member*: "Well, doctors use poison also.") I know that, Sir, but is that a reason why you should permit all the people to take alcohol. Another question has been raised about the eating of opium and taking of cocaine. I know a few years ago the habit of eating cocaine was the order of the day in Calcutta. But now all that has been stopped owing to the law prohibiting its sale to the public and people are not in the habit of taking cocaine at all now. The only plea put forward is the loss of revenue from alcohol. Sir, it is owing to alcohol that 50 per cent. of the people in hospitals are suffering; 50 per cent. of our criminals are alcohol addicts; while our lunatic asylums furnish further evidence of the terrible effects of this evil. And I submit that to some extent the loss of revenue by abolishing drink could be made up by the savings effected from hospitals, jails and criminal administration. Besides, Sir, this revenue is obtained from a sinful and immoral traffic which must be put a stop to.

Then, Sir, most of the civilized nations of the world have adopted a policy of total prohibition and have succeeded in it. Here in India we are

still considering and wavering between total prohibition and moderate drinking. The amendment tabled by my Honourable friend Mr. Brayne advocates a policy of moderation in drink. The Honourable Member who has moved this amendment has conveniently forgotten the fact that there is no middle course in the use of alcoholic liquors. Moderation in drink is the first stage, the initial stage, and when a man begins to drink at first in moderation though, overcoming all his fears and prejudices, he gets a craving for it which it is impossible for him to give up during the rest of his life. If a man takes one peg to-day, he will want to take two pegs to-morrow in order to create the same effect, and three pegs the day after and so on; he goes on multiplying. So the habit of drinking must not be encouraged. And to say that the policy should be one of promoting and ensuring moderation in the use of alcoholic liquors is meaningless and mischievous. I do not blame the Mover of the amendment for it, because that is the mentality of the Government. The fact is that the Government are not prepared to part with the substantial revenue derived from excise. The Indians are as a nation sober and the mere withdrawal of temptation from their midst is enough to make the country dry in no time. We have had a clear indication of it in the days of the non-co-operation movement when the magnetic influence of Mahatmaji made even the ignorant people abstain from drinking, caused a tremendous fall in the excise revenue and made the Government restless and uneasy for a time. If only the Government had then co-operated with Mahatmaji in this matter we would have visualised the dawn of a dry India already. Not only did the Government not co-operate with him then, non-co-operator as he was and still is, they also actually promoted drinking by putting peaceful picketers into prison in the name of law and order. Well, Sir, the Government may ask, "how do you propose to compensate the loss of revenue from excise, if we adopt the policy of total prohibition?" We will show them the means of doing it. Apart from all this a dry India is an asset a valuable asset by itself, and is worth more than all the revenues of India put together. The Indian nation will then be stronger and wealthier and feel prouder and happier and could bear all this loss without a murmur.

In conclusion, Sir, I would appeal to the Government, in the words of the daily prayer, "Lead us not into temptation, but deliver us from evil" and ask them to accept the Resolution. With these words, I strongly support the Resolution moved by the Honourable Mr. Ramadas Pantulu.

THE HONOURABLE SARDAR SHIVDEV SINGH OBEROI (Punjab: Sikh): Sir, I gladly associate myself with the Honourable Mover of this Resolution. I think it my sacred duty to do so. I believe in my heart of hearts that it is the sacred duty of every one who feels sympathy for his fellow-beings to take part in any legislation which is meant to serve the purpose of prohibition of alcoholic drinks. It is the unanimous verdict of the world, socialists, moralists and religionists, and even of Governments, that it is an evil and it is a great evil. It must be keenly felt that this evil has very drastic consequences upon a poor country like India. It has been said that this reform must be effected by social reformers. Undoubtedly social reformers must try to eradicate this evil from society, and they are doing it; but is it not a fact that the foremost duty of Government is to alleviate the social, moral and economic condition of the people it governs? Should the doors of Government be closed against any legislation put

[Sardar Shivdev Singh Oberoi.]

forward in its Legislature to eradicate a social or moral evil from society? Should the Government not take any part or legislate with regard to the alleviation of the social, moral or economic condition of the people? It has struck me many times how it is that the evil of drink has been pronounced against unanimously by the prophets who have come to this world to improve the moral tone of the people, and it has been pronounced as an evil by Governments. How then has it captivated the mind of man to such an extent that in spite of all these efforts people are still addicted to this evil habit? I would call it the weakness of human nature. I would attribute it to the fact that real virtue is the lot of but few. As regards the point that this is the work of social reformers I would say, as the Honourable Sir Sankaran Nair has said, that the English Government itself has made laws in England for the purpose of putting a stop to the social evils of the country. And in every country wherever it has been considered necessary to alleviate or improve social conditions by legislation, legislation has been passed for the purpose. Take, for instance, education. It is a good thing; it has been considered necessary to educate the people and to develop their intellectual faculties. But the masses generally have not taken kindly to the idea of education, and so we find that wherever primary education has been considered necessary for the people legislation has been passed for compulsory education, even against the will of the people, and in time people have come to obey such laws gradually and naturally. Will the Muhammadans object? I say, no, emphatically. Will the Hindus object? I know if a law for the prohibition of the sale of alcoholic drink is introduced, I would say emphatically that they would not object. Will the Sikhs object? I would say that the Sikhs will not object at all because in my community this is considered a very great evil and they consider that it leads to many sins. And I would like to place another view before the House and that is this, that I am sure that if the use of alcoholic drinks is reduced, is prohibited altogether, it will certainly reduce crime in the country. It has a great effect on the criminal tendencies of human nature. Alcoholic drinks accelerate to a very great extent the animal part, the animal nature of the human mind, and that leads to many crimes. I am sure in my heart of hearts that if prohibition is enacted in the country, it will certainly lead to a very great reduction in crime.

I have tried to follow the arguments of my Honourable friend, Mr Brayne, who has put forward an amendment that "a policy designed to promote and ensure moderation should be adopted". This has not been very well understood by me—how any policy can be designed to promote and ensure moderation. Moderation is such a word as has no proper definition I should say. Just a peg of whisky may be moderate for one individual, while half a bottle may be for another, while a third gentleman may consume a bottle and still he would say that he is taking it moderately because he is in his senses after taking a full bottle. This is no proper definition, and I fail to understand how this policy of moderation can be properly designed. He has tried to convince the House by giving figures that the use of country liquors has been reduced to one-half of the consumption in the year 1912-13. Of course as the figures come from the Honourable Government Member, they should be taken as quite correct, but it may be quite possible that, if the sale of country spirits in the shops has been reduced, illicit distillation may have increased. It may be argued against me that if by the reduction in sales illicit distillation has

increased, by prohibition it will increase by leaps and bounds. It is an argument which can be very well set against this point, but I beg to ask, is it impossible, is it impracticable with the very wide hands of the law of the Government, to entirely checkmate illicit distillation? I would say no. It is not impossible. Government can check illicit distillation of country spirits. With these few words, Sir, I support the Resolution of the Honourable Mr. Pantulu.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab: Nominated Non-Official): Sir, I rise as I think that a Muhammadan should also take part in this debate. When speaking as a Muhammadan, of course I have got no way out but strictly to bow to religion. In our religion, liquor is prohibited—and thus we have to give no arguments at all, as some of my friends have been doing. When it is ordained, it is ordained; and I think that from the Muhammadan point of view, if the Resolution was adopted, the whole country would be pleased (Hear, hear.) The Honourable Mover of the Resolution and I do not generally see eye to eye, but this is a time when I must strongly support him.

THE HONOURABLE MAJOR-GENERAL T. H. SYMONS (Director-General, Indian Medical Service): Sir, this discussion on alcohol appears to have assumed aspects which I never anticipated when I came to the House this morning. It has been approached from all sides—from the revenue side, from the poison side and by my Honourable friend, Dr. Rama Rau, from the physiological side. As regards the revenue side, I have nothing to say. But I would like, if I may, to draw the attention of the House for a few minutes to regard alcohol from two aspects, from its physiological side and from its poison side. Now it has been said from the earliest times, "Give a dog a bad name and hang it", and most of the speakers on alcohol have dealt with it as a poison; they have left out, in their discussion, considering the question that alcohol has a physiological side and is a food. Alcohol is a poison just like all other excess foodstuff is poison if taken in excess. You take tea in excess, it is a poison; you take coffee in excess, it is a poison, you take rice in excess, it is a poison; every article of food or drink consumed in excess, if not taken in moderation, may be considered straightaway as poison. I should state, therefore, that it is not fair to assume that alcohol straightaway is a poison. I would rather, if I may, approach it from its physiological side and from its value as a food. Let me state straightaway that, in moderation—and what I am speaking is in favour of the amendment—that in moderation, alcohol is decidedly a food. (*The Honourable Rao Sahib Dr. U. Rama Rau*: "Question?") When taken in moderation, 98 per cent. of alcohol is absorbed or taken into the system—whether it be whisky, beer, toddy or arrac—98 per cent. of that is absorbed by oxidization. Again, it has been proved and proved by a German, named Kaufmann, that actual starvation may be prolonged and the burning up of the normal tissues of the body may also be stayed by the use of alcohol. (*The Honourable Rao Sahib Dr. U. Rama Rau*: "An old theory.") I am afraid I disagree with you. I think Dr. Rama Rau stated that alcohol was considered to be a poison. I think he has not read the New Testament where we are told by St. Paul, "Take a little wine for your stomach's sake." Again, wine taken in moderation is described as a stimulant to the gastric juices; it aids digestion, thereby it aids assimilation, and therefore it aids bodily nutrition. I admit, if taken in excess, it is a poison: I have already said so. Again my Honourable

[Major-General T. H. Symons.]

friend, Mr. Khaparde said, "Why should you deprive a man of his alcohol after a day's work?" I take it that the Mover of this Resolution is out to protect the larger proportion of the population of Indians, namely, the ryot. The ryot has very hard work to do. The physiological call on his body is for something to overcome the nervous irritability as the result of the excessive work that is done. And we know physiologically alcohol is a nervous sedative. Alcohol in moderation, it does not matter in what form, does overcome nervous exhaustion. (*An Honourable Member*: "Question?") My Honourable friend will realise that after a hard day's work or when returning from a long day's shoot a little whisky is a sedative when taken in hot tea. Again, it has been said that 50 per cent. of the inmates of the mental hospitals are the results of drinking. I cannot refute the figures, but I join issue on that point. I am sure the Honourable Member is not correct in what he has stated. Then again he said that doctors do not use alcohol. I am afraid I must again join issue with him. We all know—I am afraid it is becoming, a medical discussion—we all know that in serious diseases, especially typhoid, or in acute diseases like pneumonia, when certain complications arise, the medical officer falls back upon alcohol and prescribes small doses of the best variety as a cardiac stimulant and also as a food. The general effect of alcohol on the body is to conserve the body fat and the body proteins; and again, as I have said, alcohol is burnt up by oxidization and by oxidization it adds force. I would therefore ask the House to support the amendment and I would like to support the statement made by the Maharaja when he says, that to his mind, it is a question of the education of the people. Alcohol in moderation is needed, and we should not deprive them of their liquid which is at times essential.

THE HONOURABLE MR. V. RAMADAS PANTULU: Sir, with your leave I wish to say a few words on the amendment. My Honourable friend, Mr. Bravne, was frank enough to admit that his amendment did not indicate the slightest change in the policy pursued hitherto by the Government of India. I am glad of the confession. What I want is a real change in the policy. Therefore, it is evident that I cannot accept the amendment. His first objection was on the score of not resorting to compulsion by the Government. That was very effectively answered by Sir Sankaran Nair and other speakers. Therefore, I do not propose to say anything on that issue. If it is a moral issue, if prohibition is good, I do not see why compulsion should not be resorted to. A very curious argument was put forward by the Honourable Mr. Khaparde that if we prohibit a thing, there will be a tendency to do it. He might as well say that the Ten Commandments will lead to an increase in crime. Because it is said "Thou shalt not commit adultery", therefore people would commit adultery. I cannot understand that at all.

With regard to America being more wet or less wet, I have already said that I believe in the statement that it is considerably less wet and it is very much more dry. Therefore, I wish to join issue on that question with the Honourable Mr. Khaparde. In this connection I may clearly point out that Dr. G. W. Saleeby in a very remarkable speech which he delivered at the International Conference in Lausanne five years ago warned the historic European nations that unless they resorted to prohibition and removed the racial poison of alcoholic drinks, the historical

European nations will show a racial decadence, while the nations of North America will show a racial ascendance. That speech is worth reading and those who jeer at America's dry policy will do well to read that speech.

With regard to persisting in the policy of enhanced taxation and thereby reducing consumption, I wish to point out, Sir, that the present financial arrangements under the constitution have rendered even that policy somewhat more difficult. Recently we have had two examples in Bombay and in the Punjab. The Bombay Government, on the advice of the Ministry in charge of the Excise Department, have put up higher excise duties upon country-made liquors. They have increased them so enormously that it was found that the duty on imported foreign liquor was much less, and therefore foreign liquor could be imported into Bombay at a much cheaper price than country liquor and the consumption of foreign liquor increased correspondingly to compensate for the decrease in that of country liquor. The Government of Bombay immediately resorted to a lowering of their revenue upon excise. A similar thing happened in the Punjab. Therefore, the financial adjustments between Imperial and Local Governments have rendered the traditional policy of deriving the maximum revenue in the different provinces to reduce consumption, according to local conditions also somewhat more difficult; and there is a continuous conflict between the Government of India and the Provincial Governments, because the import of foreign liquors is an income of the Central Government, while the provincial excise is the income of the provinces and a harmonious working of excise policy is impossible when the Government of India have the upper hand and when in fact all the financial proposals which emanate from the Reserved or the Transferred Halves are subject to the approval of the Government of India. Therefore, the Government of India really exercise their supreme control over the whole question. Even the liberty given to the provinces is illusory; it is incapable of being exercised.

Then, a word with regard to the Honourable Major-General Symons' remarks about alcohol having a food value if given in moderation. I wish he had quoted some authority. I know he is a great authority himself, and I feel proud that he comes from the province from which I come, and as Surgeon-General of my province he has had a very great reputation as a medical man. Nevertheless I am bound to question some of his statements, because I find that eminent authorities have said quite the contrary. I only ask my Honourable friend to refer to a few pages of a little book written by my friend Mr. John Mathai who is now on the Tariff Board and see what the conclusions of the British Committee on alcoholic consumption appointed in 1916 say. The recommendations were bodily embodied in that book; the recommendations were to the effect that alcohol had no food value and that the oxidation caused by alcohol is more injurious than helpful to the human system. Mr. John Mathai wrote that book more as an apologist of Government. Nevertheless he says, and the other authorities that I have cited, also say, that the physiological effects are injurious. It has very deleterious effect on the birth-rate quantitatively and qualitatively and this is borne out by the very greatest authorities; and, God willing, we shall take steps to send a copy of this debate to the Association in England; we shall get the opinion of the best medical authorities in England and try to renew the debate next year.

I do not wish to take up any more time, but I will only say one word in conclusion. This question of revenue was very definitely raised by

[Mr. V. Ramadas Pantulu.]

Lord Meston before the Joint Parliamentary Committee and he pointed out that it had to be faced some time and warned the Government of India to be on their guard in this matter. I do not know what the Government of India have done to meet the warning of Lord Meston. I would urge that in this country the policy of prohibition is very easy, because public sentiment favours it. My British friends may find it difficult to advocate a policy of prohibition in England. I know it is almost impossible. The vested trade interests there are very large; the local associations are linked up with the national federation of drink, and trade is so influential as to influence Parliament. The evil had gone so far as to lead Lord Roseberry to say that if the State does not control the liquor traffic, the liquor traffic will control the State. You do not find such conditions here. There are no vested interests, and the people cannot influence the Government. I therefore appeal to the Government to consider the whole question very calmly, though they are not able to accept my proposition now and to deal with the matter as a moral issue more than as a fiscal issue.

THE HONOURABLE THE PRESIDENT: The original Resolution was:

"That this Council recommends to the Governor General in Council that a policy of prohibition of the use of alcoholic liquors should be adopted in the local Administrations under the direct control of the Government of India."

Since which an amendment has been moved:

"That for the original Resolution the following be substituted, namely:

'This Council recommends to the Governor General in Council that a policy designed to promote and ensure moderation in the use of alcoholic liquors should be adopted in the local Administrations under the direct control of the Government of India.'

The question that I have to put is that the amendment moved by the Honourable Mr. Brayne be substituted for the original Resolution.

The Council divided:

AYES—21.

Bell, The Honourable Sir John.
Bijay Chand Mahtab, The Honourable
Maharajahdhiraja Sir, of Burdwan.
Brayne, The Honourable Mr. A. F. L.
Charanjit Singh, The Honourable
Sardar.
Corbett, The Honourable Mr. G. L.
Dadabhoy, The Honourable Sir
Maneckji Byramji.
Das, The Honourable Mr. S. R.
Evans, The Honourable Mr. F. B.
Forest, The Honourable Mr. H. T. S.
Froom, The Honourable Sir Arthur.
Gray, The Honourable Mr. W. A.

Habibullah, The Honourable Khan
Bahadur Sir Muhammad, Sahib
Bahadur.
Haig, The Honourable Mr. H. G.
Khaparde, The Honourable Mr.
G. S.
McWatters, The Honourable Mr. A. C.
Misra, The Honourable Pandit Shyam
Bihari.
Stow, The Honourable Mr. A. M.
Symons, The Honourable Major-
General T. H.
Tek Chand, The Honourable Diwan.
Thomas, The Honourable Mr. G. A.
Wacha, The Honourable Sir Dinshaw
Eduji.

NOES—14.

Desika Chari, The Honourable Mr. P. C.
 Govind Das, The Honourable Seth.
 Mehr Shah, The Honourable Nawab Sahibzada Saiyad Mohamad.
 Morarji, The Honourable Mr. R. D.
 Moti Chand, The Honourable Raja.
 Mukherji, The Honourable Srijut Lokenath.
 Oberoi, The Honourable Sardar Shivdev Singh.
 Ramadas Pantulu, The Honourable Mr. V.

Rama Rau, The Honourable Rao Sahib Dr. U.
 Roy Choudhuri, The Honourable Kumar Sankar.
 Sankaran Nair, The Honourable Sir Chettur.
 Suhrawardy, The Honourable Mr. M.
 Umar Hayat Khan, The Honourable Colonel Nawab Sir.
 Zubair, The Honourable Shah Muhammad.

The motion was adopted.

RESOLUTION *RE* FORMATION OF A CENTRAL ROAD DEVELOPMENT FUND.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, I beg to move the Resolution which stands in my name and which runs as follows:

"This Council recommends to the Governor General in Council that the proceeds of taxation on motor transport be earmarked in a separate account for Road Development and that a Central Road Development Fund under the Government of India be formed out of which yearly grants be made to each Local Government according to its needs and necessities for the development of quicker transport in rural areas for the benefit of the agriculturist in India."

Sir, it is with considerable diffidence that I rise to address the House for the first time. But I do so impelled by a sense of duty which I owe to my electorate. I hesitated a good deal before sending in a Resolution of this kind, but I hope the deplorable condition of the Indian agriculturists is grave enough to secure the sympathy and support of this House.

Sir, I hope the House will concur with me if I say that India is mainly an agricultural country, and agriculture gives occupation to a large majority of the population of the country. It has been estimated that nine-tenths of the rural population of India live, directly or indirectly, upon agriculture. Sir John Strachey says:

"It is probable that 90 per cent. of the whole population are so closely connected with the land that they may properly be called agricultural."

Taking into account this immense importance of agriculture, the Government of India have from time to time enquired into the condition of the Indian peasants. The appointment of the present Royal Commission on Agriculture fully justifies our assumption that India is purely an agricultural country and adequate steps should be taken to develop its agricultural resources and prosperity.

I have no doubt that the Royal Commission after a careful and exhaustive enquiry will make proper recommendations for the improvement of agriculture on most modern lines, and we cannot be too grateful for their disinterested labours.

Sir, I may take it for granted that none of the Honourable Members of this House would question the supreme importance of motor transport in this twentieth century—the century of scientific development. Even those of my Honourable friends who delight to be known as Swarajists and who generally look at public questions from

1 P.M.

[Mr. Mahmood Suhrawardy.]

a different angle of vision will not deny its economic utility in the amelioration of the village masses. Its utility for multifarious purposes is increasingly felt and appreciated by the village people themselves. In large commercial cities, cars fitted with solid tyres are greatly used as vehicles for transport purposes. The same vehicles may be utilised with great advantage even in rural areas. But the chief impediment for the successful introduction of motor transport in rural areas is the absence of a network of metalled roads and bridges throughout the country. It is common knowledge that there are not many good metalled roads in the neighbourhood of villages and, as a result, we find the villages shut out from the more progressive parts of the country, and if I may say so, they are living in a state of splendid isolation. In consequence, their outlook is obviously narrow, their habits primitive, their standard of living necessarily low and their ideals, if any, are uncommonly poor. From the economic point of view their condition is deplorable, they are literally hewers of wood and drawers of water. The introduction of cheap motor transport facilities, I am convinced, will go a great way to raise them from this low state of insularity and strengthen their economic condition all round.

The days when the villages were considered to be self-sufficient are past and an era of "looking ahead" has begun. There is everywhere a new aspiration, new ideals, and new wants. The village industries cannot develop further than is needed to minister to the simple wants of a community of peasants. For want of cheap and adequate transport facilities, the village artisan or cultivator cannot market his goods in the best places and earn a better profit. In fact, he is not much affected by a greater demand and higher price for his goods in any distant markets. On the other hand, in those rural parts where transport facilities are greater, the villager is no longer absolutely dependent on the local dealers. As the development of means of transport is still far behind the actual requirements of this vast country, the self-sufficiency of the villages is impaired in most places. Poor, ignorant and conservative in their habits and outlook, the village peasants and artisans know very little of the world beyond the confines of their villages and hamlets, and cannot therefore turn to good account the economic advantages that may present themselves outside the narrow circle of their familiar fields. In the absence of cheap transport facilities, the pursuit of hereditary professions and small scale production are the natural result of this state of things.

Sir, my Resolution is therefore intended to improve their social and economic condition. Sir, I feel keenly for their present low economic condition, as many of my Honourable friends also do. Their low economic position is the root cause of many of their grievances. One of the surest ways to improve their present low position is to secure to them cheap and adequate transport facilities and thus second the noble efforts of the Royal Agricultural Commission to improve their lot. By providing easy, cheap and quick communication, we would enable the surplus population in congested areas to move towards more sparsely populated parts where labour alone will be needed to make the soil yield bountiful harvests. In a word this would secure sufficient mobility of labour. It would also help to equalise prices in agricultural produce and cheapen the imported goods.

Sir, before I conclude, I may be permitted to suggest that the heavy import duties on motor vehicles are to be considerably reduced as recommended by the Taxation Enquiry Committee contained in paragraph 419 at page 303 of its Report. A heavy taxation might bring in a large revenue to the Government coffers, but it would act as a restraint on quicker and more convenient transport in rural areas. I gather from their Report that the present duty is about 30 per cent. The reduction of this import duty is sure to give ample facilities for the increase of trade in rural parts and the Government would not have to incur any loss in matters of revenue. The loss of revenue under this head will be more than compensated for by other kinds of income derived from duties on motor accessories to vehicles. I would therefore suggest that the Government should reduce the import duty on motor vehicles to an appreciable extent, and should earmark the revenue derived from this source exclusively for the development of roads and the improvement of rural transport. To attain this object the Central Government should establish a Central Road Development Fund and should allocate grants annually to each Local Government according to its needs and necessities for the development of quicker transport in rural areas.

Sir, I would lastly say that, in view of the immense importance of the subject, I commend my Resolution to the careful consideration of this House.

THE HONOURABLE SIR ARTHUR FROMM (Bombay Chamber of Commerce): Sir, the thanks of this Council are due to the Honourable Mr. Mahmood Suhrawardy for bringing forward this Resolution on the question of road development in India. To my mind it is a subject which has been overlooked far too much in the past. I cannot over-emphasise the importance in which we all hold it and I recommend a close inquiry into it in the future. While, however, I am in accord with the object which my Honourable friend has in view in bringing forward his Resolution, I do not agree with the wording of the Resolution.

I propose, Sir, to move an amendment. The amendment I wish to move is:

"That this Council recommends to the Governor General in Council to appoint a Committee, including Members of both Houses of the Central Legislature, to examine the desirability of developing the road system of India, the means by which such development could be most suitably financed, and to consider the formation of a Central Road Board for the purpose of advising in regard to, and co-ordinating the policy in respect of, road development in India."

Sir, the Honourable Members of this Council will at once recognise that, in the amendment I am moving, there is no direct antagonism to the Honourable Mr. Mahmood Suhrawardy's Resolution, but that we both have the same object at heart, which is an effective and progressive development of the roads in this country. Where the Honourable Member and I differ, if indeed we do differ, is, as I have already said, as regards the means by which our object can best and most readily be secured. It seemed to me on reading the Honourable Member's Resolution that the Government might find some difficulty in adopting it as it stands, and my amendment recommends to Government a step to be taken in order to tackle efficiently this most important problem. In his admirable speech the Honourable Mr. Suhrawardy has placed before us the necessity for the development of our

[Sir Arthur Froom.]

roads, and I will not therefore weary the Council by going over the same ground. I would like however to emphasize one or two points.

The improved roads such as we ask for would not compete with the railways but they would act as feeders to the railways, not only to the main lines but they would also act as feeders to the small lines which connect with the main lines. It has been stated that the present system of bullock carts, travelling over bad and indifferent roads, enables the railways to tap a productive area extending only to some 20 miles on either side of a railway line. Now, Sir, given good roads, capable of sustaining motor transport, that agricultural area should be and would be increased fourfold, to the benefit of the agriculturists and to that of the railways alike.

Next, Sir, improved road development, in addition to opening up new areas for cultivation, would provide by means of motor transport better living conditions for the agriculturists; they would be able to live away from congested areas and they would at the same time be in closer touch with the larger towns. Education would spread, and increased employment would be provided.

Sir, I could enumerate the advantages of the development of road communications for a very long time, but the advantages must be so apparent to Honourable Members that I will not say more now. The present position in this country is that, as yet, little or no advantage has been taken of the modern advancement in motor cars, motor lorries and in motor transport generally. Pending the manufacture of motor vehicles in this country, which I hope will be arrived at some day India can draw all her requirements from overseas, but what would be the use of importing commercial motor cars without sufficient good roads on which they could be employed? Not only have we to improve our existing roads, but we have to build more roads.

Now, Sir, I invite the attention of Honourable Members to the wording of my amendment. First of all, I am moving that this Council recommends the appointment of a Committee. I do not suggest that the Committee should be made up solely of Members of the Central Legislature, as I recognize that on such a Committee an expert or experts might be most advantageous. Then the Committee is desired to examine the desirability of developing the road system in India; about this I think there should be no question. The finances then will have to be considered, and for that reason there is room on the Committee for a representative of the Finance Department. I do not lay down that the whole of the import duty on motor vehicles should be diverted to a road fund, nor do I insist here that the excise duty on petrol should be so dealt with, though it might well be, but I suggest that the Committee should examine this question; funds must be provided. Lastly, the Committee is desired to consider the formation of a Central Board. In putting forward this, I do not in any way propose that the prerogative of the Provincial Governments should be interfered with unduly roads being a provincial subject, but it will be necessary to have a Central Road Board to co-ordinate the policies of the various provinces and to advise and help them towards the common end of a satisfactory road system throughout India.

One point more, Sir—I wish to revert to the question of funds. The proposal which the Mover of this Resolution has at heart and which I, in

moving my amendment, have equally at heart is a *productive* one, and this I am sure will appeal to the Finance Member. Any funds earmarked for the development of roads in this great country of India will come back a hundredfold in the shape of increased agricultural prosperity, a prosperity which, as my Honourable friend has already pointed out, a Royal Commission is at present touring the country in order to promote. Sir, I have much pleasure in moving my amendment.

THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB OF BURDWAN (Bengal: Nominated Non-Official): Sir, I am very suspicious of both these Resolutions. As regards Mr. Suhrawardy's Resolution, it is an impossible one. We cannot earmark the proceeds of taxation on motor transport in the way he suggests without undue interference with the rights and privileges of District and Taluqa Boards. We cannot earmark the proceeds without interfering with provincial revenues, and therefore the matter requires very serious consideration before we can proceed any further. In fact, this is a matter on which Local Governments need to be consulted, and consulted very carefully. On paper, Sir Arthur Froom's Resolution seems to be a very plausible one, and certainly if a Resolution had to be adopted, it would be better to appoint a Committee to go into the whole question of the desirability of developing the road system of India. But if it was only a question of opening up more roads and highways and of adding to those highways feeder roads from the mofussil one would be inclined to ask why should not each province be left to do so and to go into its requirements? But where the danger lies is this, that there are road and public works cesses in different provinces which are levied for the maintenance of roads and which are nowadays handed over by Local Governments to local bodies to utilise them for the improvement of communications in the interior. If now we were to start a Central Road Board it would mean asking us without due consideration to commit ourselves in some form or another to the possibilities of a new source of revenue, of a new form of taxation, and I am not prepared to do so at this stage. I am therefore unable to accept either the Resolution or the amendment unless from the Government benches I can hear that there are cogent reasons for accepting the latter.

THE HONOURABLE SIR JOHN BELL (Bengal Chamber of Commerce): Sir, I rise to support the amendment to this Resolution that has been proposed by my Honourable friend Sir Arthur Froom. But in doing so. I should like to point out that in its ultimate intention there is practically no difference between the amendment and the Resolution. It is merely a question of the means by which that intention can best be achieved, and that being so I hope it will be possible for my Honourable friend Mr. Suhrawardy to accept the amendment.

In common with my Honourable friend Sir Arthur Froom I feel greatly indebted to the Honourable Mr. Suhrawardy for having brought this important subject before this Council.

I would hardly have thought it necessary to say anything with regard to the first section of the amendment had it not been that this is one of the days on which my Honourable friend the Maharaja of Burdwan regards all Resolutions and amendments with suspicion and therefore it would appear that there may be some difference of opinion.

[Sir John Bell.]

I think it would be an exaggeration to say that an up-to-date and efficient system of roads is the most important element in the development of any country, but I do not think it would be any exaggeration to say that no country can be properly developed unless it has an efficient road system.

My Honourable friend has made reference to the Agricultural Commission which is at present studying the development of agriculture in India, and I feel sure that it is the wish of every Member of this Council that its efforts should be of lasting benefit to the agriculturist. But the recommendations which they may be able to make will be very much less useful to the agriculturist than they would otherwise be if he be not provided with a more up-to-date system of road transport, which will result in the opening up of new areas and will enable him with greater profit to himself to develop the areas at present under agriculture by making it possible for him to market the products of these areas more cheaply.

Again, we have in this country a highly efficient Railway Board which has done a very great deal for the development of the railway system in India. Much of their time has been spent in formulating schemes for the extension of existing railways and for laying down new lines. But their efforts will be very much handicapped if they are unable to count upon the services of an efficient subsidiary service—I may call it that—which in turn is dependent on the existence of more efficient roads. These feeder services on which the railways must largely depend in the future to a very great extent will provide what my Honourable friend Sir Arthur Froom has referred to and that is the means by which the railways will be in a position to tap large areas round their lines and not a few miles on either side as they do at present.

Given good roads, there is an enormous field for development of motor transport in India. In the United States of America there is one motor vehicle registered for every 7 persons in the country. In Great Britain there is one motor vehicle registered for every 76 persons in the country, and in India there is one motor vehicle registered for every 6,500 persons in the country. That will give some idea of the extent to which the development in India can be carried.

The second part of my Honourable friend's Resolution deals with the question of finance. That will be one for this Committee which it is proposed to form to consider, and I need therefore at this stage make no suggestions, but the Committee will doubtless bear in mind that in no country in the world are motor cars and motor accessories so highly taxed as they are in India, and that it does not seem unreasonable that at least some portion of the very large revenue which is derived from this source should be applied to the improvement of roads.

The third part of my Honourable friend's Resolution deals with the formation of a Central Road Board. This has been found necessary in Great Britain. Until the formation of, what is equivalent to a Central Road Board, the Ministry of Transport, the development of the roads of the country was entirely in the hands of Town Councils and District Boards, and although to a certain extent up to the time of the War this was found to be a satisfactory arrangement, after the War owing to the dislocation that followed, the system broke down and it was necessary to form this central body in order to co-ordinate the work of these different institutions.

The success of the system was immediate. If a central system is necessary in Great Britain, I think it is even more necessary in India, in order to co-ordinate the work of the different provinces, particularly in view of the fact that the policy of one province with regard to its roads, and with regard to its bridges, might be in conflict entirely with the policy of the provinces on either side.

It seems to me that it is quite as necessary to have the road system of the country controlled by a central authority as it is to have the Railway system so controlled.

The time seems now to have come when it appears to be necessary for India to take some definite step in the direction of the scientific development of her road system, and a necessary preliminary appears to be the formation of the Committee that has been suggested by my Honourable friend Sir Arthur Froom. I hope this very reasonable suggestion will meet with the support of the House generally, both of the Members on this side and the Members on the other side.

The Council then adjourned for Lunch till Twenty-five Minutes to Three of the Clock.

The Council re-assembled after Lunch at a Quarter to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE SIR CHARLES INNES (Commerce Member): Sir I must say that it was a great relief to me when the Honourable Sir Arthur Froom moved this amendment. Every one, I think, in this House must sympathize with the object which lies at the back of the Resolution proposed by the Honourable the Mover. That object, as the Honourable Sir Arthur Froom defined it, is the progressive improvement of roads in India, and that is an object which all Governments in India have very much at heart. But I think also that every Honourable Member of this Council would have agreed that the Government could not have accepted the Resolution in the form in which it was drafted by the Honourable the Mover. But Sir Arthur Froom's amendment puts the matter on a different ground. I was very glad to see it because it was an indication that that great commercial community, which is so ably represented in this Council by my Honourable friends from Bombay and Calcutta, are being converted to the view which the Government have always taken in regard to this very important subject. Our view shortly has been this. We have always been in great sympathy with the object behind this movement for a Central Road Board and a Central Road Fund. At the same time we have always felt that it is a matter in which the Government of the country could not allow themselves to be rushed. It is a matter in which we must walk very warily and very delicately. That was what I tried to bring out when I spoke on this subject last at Cawnpore. Of course we recognise that the development of motor transport in India has brought the matter of roads into a new prominence, and that it has also brought up many difficult problems. I know something of this matter because for many years of my life I was Collector of a District and in that capacity I was President of a District Board. As President of that

[Sir Charles Innes.]

District Board I had something like 1,600 miles of road to keep in order with a very inadequate allotment, and now that allotment, so far as I know, remains very much the same; but this development of motor transport requires a higher standard for your roads, and that is one of the great difficulties which we have to face in India at the present time. I should also like to make it clear, because I believe there is some misunderstanding or suspicion on the subject, that there is no objection to this movement for the improvement of our roads and the setting up of a Road Board on the part of the railways. It is perfectly true that in England and America railways are complaining more and more of the competition of motor transport. It is also true that that competition has begun to affect our earnings on certain railways in India, but we take what I might call a large view of the matter. From the railway point of view we recognise that on the balance and in the long run an improvement of road facilities and an improvement of our road system will bring in more revenue and more traffic to the railways; and we recognise that the modern tendency is to look upon roads as a necessary adjunct to your railway system, and from the railway point of view we should welcome anything that could be done to improve and extend our road system in India. But what we have always felt in the Government of India, as I said just now, was that it was quite useless to rush a matter of this kind. Sir Arthur Froom definitely kept off the financial aspect of this matter, but it is perfectly useless to have a Central Road Board unless you also have a Central Road Fund, and where are you going to get the money with which to endow your Central Road Board? The suggestion which has always been made in this matter is that the revenue we derive from motor excise should be earmarked for the purposes of this Central Road Board. Well, Sir, I say nothing now as to whether or not that will be a practical proposition. All I say is that at the moment it is impracticable, for we in the Government of India are pledged so to order our finances as to liquidate provincial contributions at the earliest possible date. That takes priority and, until we have liquidated these provincial contributions, it would be quite impossible for the Government of India to take this new departure and to earmark a large and growing source of revenue for any other purpose, however desirable and beneficial that purpose may be. That is the first reason why we in the Government of India have always thought that this matter could not be rushed.

Then, Sir, there are other difficulties which we have got to bear in mind. I refer of course to the constitutional difficulties in this matter. You have all heard the Honourable the Maharaja of Burdwan speak this morning. The Honourable the Maharaja was himself not very long ago a member of a Provincial Government, and as soon as he saw not only the Resolution, but also the amendment he was, so to speak, up in arms. The fact of the matter is that deliberately and of set purpose the constitution has made roads, with one small exception to which I need not refer, not only a provincial subject, but a provincial transferred subject. The maintenance of the roads is governed in the different provinces by different Acts and we have always felt in the Government of India that we must be very careful how we, so to speak, butt in on what is a provincial transferred subject. In everything we do in a matter of this kind I feel myself it is essential that we must carry the Local Governments with us and we must do nothing which will alarm the Local Governments or lead them to

suppose that we are going back on the constitution and that we propose to encroach on a subject which that constitution deliberately reserves to them.

Then again, Sir, another difficulty which I personally have felt is what I might call a certain lack of clarity of ideas about this conception of a Road Board and a Central Road Fund. For instance the first reference I saw in the public Press to the proposal to establish a Central Road Board was the report of a meeting of a certain Planters' Association in Southern India, and as far as I remember those planters said words to the following effect. They said, "We welcome this Road Board; we have always objected to paying these road tolls." In other words, they regarded the Road Board as an idea that the Government of India should come in and supply Local Governments with funds which would enable Local Governments to get rid of road tolls.

Then, Sir, the next time the Central Road Board came before me it came before me in the conception that the best way we could encourage and develop motor transport in this country was to encourage long distance motor transport by making all-India roads all over India. I myself do not take that view, and it was for that reason that deliberately when I spoke on this subject at the meeting of the Associated Chambers of Commerce at Cawnpore I made a speech which was intended to point out certain difficulties and to get those who are interested in the subject to think about the matter; and I am glad to say I was successful. From Cawnpore I went on to Calcutta and there I met a gentleman who is very greatly interested in this idea of starting a Central Road Board and a Central Road Fund. He told me that he did not care very much about the functions of the Road Board: all he was anxious to get was some security that certain funds should be put aside by the Government of India for the development of roads in India.

The next development was that a deputation from a body which styles itself the Indian Roads and Transport Development Association came to visit me in Delhi not very long ago; and again we discussed the whole of this matter in the fullest detail, and I am very glad to say that when we got down to it I found there was very little difference of opinion between myself and the organisers of that Association. Their idea—I think I am not giving away any secrets—is that public opinion throughout India should be educated to realise the value of motor transport to India, particularly to the agriculturist of India, and that people should set to work to think what will be the best way of improving the roads so that full use might be made of motor transport in India. And they went on to say that in their view the best plan was to make a careful study in each province of the road system of that province, to draw up sketch maps and on those sketch maps to show what were the main lines of provincial communications, what roads were of more than provincial importance, rather of national importance, and what roads were of merely minor and provincial importance, and also to show on those sketch maps which of those main provincial or national roads were interrupted either by lack of bridges or in any other way and where. And when all this information had been got together then, in the idea of this Association, they would be able to come before the Government of India with a very much stronger case than has ever been put before the Government. I may

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say that I told them the Government of India would welcome preliminary work of that kind. As the Honourable Sir Arthur Froom has put it, this amendment of his is designed to be a step towards the possible formation of a Road Board or at any rate towards the formation of some scheme for a comprehensive review of the road system of India to see where that road system requires improvement and where it requires supplementing. In that view the Government of India will be quite prepared to accept this amendment or at any rate not to vote against it—on one understanding. As the Honourable the Maharaja of Burdwan has said, we are here treading on rather delicate ground and we shall have to consider very carefully before we take steps to set up a Committee on the lines suggested by my Honourable friend from Bombay how we stand as regards Local Governments and what view Local Governments will take of this matter. For myself, I do not think there is any reason why they should object to the Government of India appointing a Committee of this kind. I have just got the report of a Committee which was appointed in 1925 to examine the whole road problem of South Africa very much on the lines of the Committee which Sir Arthur Froom has now suggested. I have the report here. It examines the system of roads of each province in South Africa and it makes suggestions as to how those roads can be improved; and judging from the experience of other countries it makes certain statements which I think are relevant in the present connection. The first statement they make is that they "consider that so long as road development has to be financed entirely from the resources of the several provinces without agreement with or material help from the Central Government no satisfactory development will be possible." Then they go on to say:

"In countries where an interest has been displayed by the Central Government in the development of road systems such interest has been justified in every case by the prosperity which has followed."

I think, Sir, speaking without prejudice, that the Committee which is proposed in this amendment might perform a very useful function—at any rate, it will give this rather difficult and very important subject that thorough exploration which we, the Government, think it requires. If my Honourable friends opposite will only understand that we must safeguard our position *vis à vis* Local Governments and that we must consider carefully whether they will require to be consulted before we appoint this Committee, then, Sir, subject to that reservation, the Government will be very happy to accept the amendment.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY: I accept the amendment of my Honourable friend Sir Arthur Froom which is almost like my original Resolution. And I thank the Honourable the Government Member for his sympathy for this scheme.

THE HONOURABLE THE PRESIDENT: The original question was that the following Resolution be adopted:

"This Council recommends to the Governor General in Council that the proceeds of taxation on motor transport be earmarked in a separate account for Road Development and that a Central Road Development Fund under the Government of India be formed out of which yearly grants be made to each Local Government according to its needs and necessities for the development of quicker transport in rural areas for the benefit of the agriculturist in India."

Since which an amendment has been moved :

“ That for the original Resolution the following be substituted :

‘ This Council recommends to the Governor General in Council to appoint a Committee, including Members of both Houses of the Central Legislature, to examine the desirability of developing the road system of India, the means by which such development could be most suitably financed and to consider the formation of a Central Road Board for the purpose of advising in regard to, and co-ordinating the policy in respect of, road development in India.’ ”

The question is that that amendment be made.

The motion was adopted.

THE HONOURABLE THE PRESIDENT. The question then is that the amended Resolution be adopted.

The motion was adopted.

RESOLUTION *re* ABSTENTION OF OFFICIAL MEMBERS FROM VOTING ON NON-OFFICIAL BILLS AND RESOLUTIONS.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, I beg to move the Resolution which stands in my name and which runs as follows:—

“ This Council recommends to the Governor General in Council to move the Governor General or, if necessary, His Majesty's Government to issue instructions to the official Members of the Central Legislature to refrain from voting on non-official Bills and Resolutions in the Indian Legislatures.”

Sir, before proceeding to deal with the proposition which I wish to place before you for your acceptance, I should like to say a few words as regards the reasons which prompted me to table a Resolution of this kind. I hope the Honourable Members of the Treasury Benches will not misunderstand my attitude towards them. It is not in a spirit of hostility to the official Members that I have brought forward a Resolution of this kind. I have been actuated by the strength of fellowship and cordiality which has always characterised the relationship between the official and non-official Members of this House from its inception to this very day. I do not think it is necessary for me to apologise any further as regards the position which I wish the Honourable Members of the Treasury Benches to take, if I may be permitted to go through the grounds which prompted the authors of the present constitution to bring in the official block for the purpose of promoting legislation and for the discussion and adoption of various measures which are brought forward in this House. Sir, it may be necessary for me to refer at the outset to that legal objection which may perhaps at first sight appear to some Honourable Members as a stumbling block to my Resolution, I mean the provisions of section 63-D, sub-clause (4), whereby all questions brought before this Council or before the other Legislature should be determined by a majority of votes of Members present, except in the case of the President who has and who shall exercise a casting vote in the case of an equality of votes. I am aware of this provision and I would submit to you that the existence of a provision of this kind has never been thought to be an obstacle in the way of setting up a convention or practice for particular groups to organize and to instruct the Members of those groups to vote in a particular fashion or to give necessary instructions as regards the exercise of that vote on

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particular questions. Sir, I may at the outset refer to certain conventions which are suggested in the Montagu-Chelmsford Report in this connection. I cannot do better than refer you to the particular passage which is contained in paragraph 233 of the Montagu-Chelmsford Report:—

“There seem to us good and sufficient reasons for not dispensing entirely with the official element in the legislative councils. Once the official *bloc* is swept away the main objection to the presence of officials no longer exists; their presence has the advantage of tending to steady discussion and of keeping it to practical issues; and their official experience will be invaluable. The exact number of official representatives will be a matter for the committee to consider. We advise, however, that the official element appointed by the Governor should be no larger than is considered necessary for the transaction of business. The members of the executive council should be *ex-officio* members of the legislative council, and there should be so many other official members as will provide the Government with first-hand knowledge of the matters likely to be discussed both in the council and in committee. We wish to see the convention established, though we propose to lay down no rule on the point, that on the subjects transferred to the control of ministers, the official members of the legislative council would abstain from voting and leave the decision of the question to the non-official members of council. On other matters, except on occasions when the Government thinks it necessary to require their support, the nominated official members of the legislative councils should have freedom of speech and vote.”

I would also invite your attention to certain passages in the first Reforms Despatch and I would refer you to paragraph 90 of that Despatch which refers to official Members voting in the Provincial Councils and to paragraph 115 which refers to official Members voting in the Central Legislature.

“One more matter connected with the conduct of business may be mentioned here. In paragraph 233 of the Report it is suggested that as a matter of practice official members should abstain from voting on transferred subjects, while on other matters official members should have freedom of speech and vote, except when the Government considers it necessary to require their support. There is some diversity of opinion among local Governments upon these suggestions. It is urged that for some time to come administrative experience will continue to be vested chiefly in the official members and that as full members of the council and also, in some measures, as representing the views of the masses they should have a right, not merely to express their views, but to give point to their opinions by the exercise of a vote. As regards the second proposal the Government of Bengal feel doubtful whether in practice it will often be feasible to relax the obligation of official members to support the Government; indeed they think that it is only when the Government preserves an open mind upon any question that such freedom can be allowed. Our own view is that as regards transferred subjects it is undesirable to set up a convention, which may have the effect of emphasising the cleavage between official and non-official members; and that the existing convention by which official members invariably support Government has been too rigidly observed. In both cases, therefore, we think that the official members of the legislature should have freedom of speech and vote, except in so far as the Government, in exercise of the responsibility which it feels towards the particular question before Council, thinks it necessary to give them instructions.”

These opinions express the pros and cons of allowing the official Members freedom of speech and vote. But I refer you to these particular passages because I want to emphasise this point, that there is no legal or constitutional difficulty in adopting a Resolution of the kind which I now propose. It is only for this purpose that I want to refer to these passages in the Montagu-Chelmsford Report and in the first official despatch on that Report. The only question is whether it is expedient or necessary. But before I proceed to deal with the terms of the Resolution I should like to invite your attention to the objects and aims of the framers of the constitution. The aim of Parliament in giving a constitution of this kind was to see to it that the bureaucracy did not

enforce its views upon the people directly, but indirectly through the people by inducing the representatives of the people to agree to their views. It was this object which induced them to introduce the official element into the Central Legislatures as well as in the Provincial Legislatures. The primary object of the existence of this official *bloc* in their mind was not as we find it actually working in practice but for the purpose of aiding discussions and training non-official representatives in administrative matters and methods, for the formulation of policy with the aid of the representatives of the people and for finding the ways and means of putting that policy into execution. That is what the official element has been retained for. The constitution given to us can only be effective with the best of goodwill on the part of both the official and non-official Members of the Council. Unless there is this goodwill the working of the constitution is impracticable. To make it workable it is necessary that the official Members should look to the aims and objects of the framers of the constitution and give effect to it. As it is, we find that the responsibility of the Government of India to Parliament is left unimpaired. They do not conceal the fact that by this constitution the Government of India is not to be made responsible to the Central Legislature in any manner. But at the same time the framers of the constitution were anxious to point out that the method of home control has been relaxed to a considerable extent and they did not relax it to give more freedom of action to the official agency whereby Parliament controls the destinies of India. In so far as the home control has been relaxed by the various provisions of the present constitution, they intended, and they deliberately intended, that that control ought to be supplemented by the control and the influence which the representatives of the people of India would have in the Central Legislature. They wanted to replace to some extent the control of Parliament by the control of the non-official representatives of India, and in effect, the British people and the British Parliament were anxious to give to India a half-way house between autocracy and democracy, between the old traditional policy of the bureaucracy enforcing its views absolutely without deference to the views of the national leaders and the extreme parliamentary sovereignty of making the Executive responsible to the Legislature. It is this half-way house that the framers of the constitution wanted to establish, and it is the duty of the official Members to see that this aim and object is carried into effect. I believe the adoption of the course which I propose in this Resolution would translate into action the aims and objects which the framers of the constitution had in view. I may refer to the principles and the conditions underlying the structure of the present Government of India Act as contained in the Montagu-Chelmsford Report. I would invite your attention to paragraph 270 of that Report:—

“But a constitutional element of delay may be found in the character of the Government itself. Because it is bureaucratic it is naturally less anxious to move than a responsible Government. In the matters where Parliament does not affect it, its duty is to its own conscience—or perhaps we should say to its successors in office—and not to any constituents. We should do well to associate with it a really representative assembly, so as to ensure that in the comparative seclusion of its domicile in Delhi and Simla, the wishes of the country are accurately and regularly presented to it and that its action is adequately criticised. In this way not merely shall we get a succession of stimuli from outside which would benefit the Government in India, but the Secretary of State in England will have the means of judging what view is taken in India of the actions of the Government, and so the modified measure

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of home control which we propose will come to be exercised not merely in accordance with British views but with regard also to the expressed views of those who represent constituencies in India. These are the considerations underlying the proposals which we put forward for changes in the structure of the Government of India both in its executive and legislative aspects.

Well, Sir, it is clear that the framers of the constitution had in their minds this object prominently in view, and it is this

THE HONOURABLE THE PRESIDENT: Order, order. I would ask the Honourable Member not to refer again to the objects and aims of the framers of the constitution unless he has something entirely different, entirely new, to say. He has repeated himself at least six times on that point.

THE HONOURABLE MR. P. C. DESIKA CHARI: I am sorry. Well, with this object in view, we have been given a constitution, and I would request the official Members on the Treasury Benches to accede to the view of the non-official Members in so far as it is necessary to give effect to these aims. As Lord Meston puts it, we have got under the constitution the official and non-official Members; that is, the representatives of autocracy and democracy should walk hand in hand till democracy learns its paces and is in a position to walk alone. I would only request the Honourable Members of the Treasury Benches to allow us some space within the constitution to walk alone so far as the present constitution permits us to do so. We have walked hand in hand these six years and more, and I hope and trust that the official Members will allow the non-official representatives to give an uncoloured verdict on the questions before this Council on those matters which are dealt with in non-official Resolutions and non-official Bills and will give them a free scope.

Coming to the terms of the Resolution, what I want is that on non-official Resolutions and Bills the official Members should refrain from voting. As regards Resolutions, they are merely recommendations and it is not obligatory on the part of the Government to carry into effect any Resolution which the Government disapproves of. Such being the case, I think it is but fair to allow the non-official representatives of the people to give a verdict as members of a jury do, and to allow the Government to decide upon it in the light of the verdict given by the non-official representatives. The officials have got a right to have the last say in the matter because I take it that the official Members of the Central Legislature are merely the representatives of the Governor General in Council; appointed as such no doubt under the Act, they have got the full powers of Members, and I do not dispute their legal right to take part by vote and speech on every one of the questions that are brought before the Council, but I would only request them to carry into effect the aims and objects of the framers of the constitution who merely meant the official bloc for a particular purpose, and that purpose was purely with reference to guiding the non-official Members on certain subjects and with the object of carrying into effect necessary measures and necessary legislation which the Governor General in Council thinks necessary in the discharge of his responsibility to the Secretary of State, and through the Secretary of State to Parliament. I do not know if it would serve any useful purpose to refer to various passages in the Montagu-Chelmsford Report which would indicate that

the object of the retention of the official *bloc* was for this purpose and this purpose only; and in the concluding portion in summarising their proposals they are very careful to point out that the official element should confine its activities strictly to those limits. As to how far those limitations ought to be carried into effect they have merely made suggestions and it is not possible in framing a constitution to make rules of limitation as regards the powers of various Members of both Houses of the Central Legislature. They have left it to be worked out in a spirit of goodwill and co-operation with non-official Members and in the discharge of the duties that are entrusted to Government and through the Government to the official *bloc*, in this as well as in the other House, I would request official Members to help us as far as possible in coming to our own conclusions and to guide us in our deliberations, to point out to us ways and means of advocating the policy which we think would be conducive to national interests and to show to us the way of practical execution of the policy. There is another aspect of the non-official Resolutions which I should like to emphasise. It is this. By the officials being allowed to vote on non-official Resolutions the views of the representatives of the people are a great deal coloured. It is not possible easily to ascertain what the views of the non-official Members are as they emerge after deliberations here. Very often the intervention of the official votes gives a different colour to the views of the representatives of the people here to what it is; and it is this aspect of unreality that I want to bring forward when I advocate the setting up of a convention which I advocate in this Resolution. Then, there is the other aspect of allowing Parliament to judge and the Secretary of State to have a clear idea of the views of the nationalists or the representatives of the people here. If the officials are allowed to intervene and vote on non-official Resolutions, the unalloyed views of the non-official representatives are not allowed to appear in their true colours, and as the control of the Secretary of State and the Parliament has been relaxed solely with the object of allowing non-official views to be given free play, I submit that my Resolution would serve the purpose which they have in view. It will give Parliament an opportunity of ascertaining the views of the non-official representatives as apart from the views of the official representatives which would appear to them through different channels. Then, there is another aspect of the question which is very important. It is necessary to train the electorate, to teach them the effect and the value of the vote and if it is necessary to teach them is it not necessary to allow the non-official representatives free scope to criticise the policy of the Executive and also to allow the non-official representatives to give their own independent views as a body in clear and unmistakable terms, so that the electorate may be educated and may be in a position to judge whether the representatives of the people represent the people or not.

As regards the second portion of the Resolution, dealing with non-official Bills, I would submit these considerations ought equally to apply to legislative measures which the non-official Members may bring forward. There is no danger in allowing non-official Members free scope in the matter, as free a scope as in the matter of Resolutions. There are various safeguards against the misuse of the power by the representatives of the people in the matter of non-official Bills in the Central Legislature. There are various safeguards, for instance, in the shape of getting the previous assent of the Governor General in some important matters; and in all matters unless the assent of the Governor General is obtained to any Bill

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it does not have any operative effect. And then the Viceroy has got ample powers of intervening at any stage to prevent any mischievous Bill or any mischievous clauses in any Bill which may be introduced by non-official Members. It is quite open to him to put a stop to further proceedings by the powers which the Viceroy has got in the Government of India Act itself. And then it is quite clear that Parliament never intended that this official *bloc* should be used by the Governor General in Council to assert its own responsibility to Parliament in an indirect manner. It is made perfectly clear that as and when the Governor General in Council thinks it necessary to have recourse to legislation and measures which he considers necessary for the discharge of his duties, powers have been given which are meant to be exercised on his own responsibility, and he is not expected to exercise those powers in an indirect manner. It is with this object that I have brought forward this Resolution for allowing some scope within the Constitution itself to the non-official Members to exhibit their fitness for shouldering responsibility when the question comes up for decision at a later stage. In this connection I should like to point out that views may differ as regards the fitness of Indians to shoulder responsibility all at once, but whatever it is, it would not serve any useful purpose to have a purely academic discussion and I would request you to confine yourselves for the present within the scope given by the constitution. I am only asking that we must be content with the present constitution till we get a better one. We should be allowed free scope and free part in the deliberations of these Legislatures, and we should be allowed to show our fitness in some way, to do our own work unaided by officials who have been put in here with a view to guide us. I am not saying that they ought not to guide us. I am only saying that with their guidance we should be allowed at least to have our own say, independent say, and to give the verdict of the representatives of the people unalloyed without the intervention of the votes of official Members. It is in this spirit that I ask you to consider this question, and not to approach it from a purely technical or restricted aspect of the present constitution. I hope and trust that the adoption of a Resolution of this kind will go a long way to create that spirit of harmony and co-operation which is absolutely necessary for translating into effect the aims and objects of Parliament and of the framers of the constitution.

With these words, I commend the Resolution for your acceptance.

THE HONOURABLE THE PRESIDENT: I would ask the Honourable Member who has just spoken, when he has a little leisure to read more carefully the terms of the proviso to Standing Order 61, which fixes the time limit for speeches. He will find what he has apparently not yet realised, that it is not mandatory in its terms and does not compel the Mover of a Resolution to speak for thirty minutes. It is merely permissive.

THE HONOURABLE MR. H. G. HAIG (Home Secretary): Sir, when I read the terms of this Resolution I confess I assumed that the Honourable Member intended to recommend to this House that the official Members of the Central Legislature should not only refrain from expressing their opinion by vote, but that they should also refrain from expressing it by voice, and on this understanding, Sir, I confess that I personally approached the Resolution with a little of the sympathy that the Honourable Member

asks for, though as an official it is my painful duty to oppose it. After listening to the Honourable Member's speech I am not sure whether he intended to release us from those duties, and it appeared to me that possibly his suggestion was that the official Members of this House should be in the position of—shall I say Vakils? They would be allowed to plead their cause but would take no part in the judgment. I do not think, Sir, that is a position which is likely to commend itself, nor do I think that it is probable that the Honourable Member would be able to stop at the position he has indicated and merely prevent us from recording our vote. I do not know whether the Honourable Member is a tennis player. If he were he would realise that, pleasant as it is to win, it becomes a little tiresome if one always wins love sets. I take it that the Honourable Member's proposal was designed to give him at any rate an undue proportion of love sets.

While I was listening to the Honourable Member's speech I wondered whether at the back of his mind he had the idea that there are certain questions which concern only non-officials and in which the official Members of the Central Legislature should not take part. Well, Sir, I turn to the Resolutions on the paper to-day. What are they? A Resolution on prohibition, a Resolution on motor transport and the formation of a Central Road Development Fund, a Resolution on the release of the Bengal detenus. Surely, Sir, these are all questions in which the Government is very closely concerned, and in which it must be expected to have an opinion and to express it and to record it. As my Honourable friend said, the aim of the constitution is to bring together the Executive and the popular representatives. In this transitional form of constitution that is the great difficulty with which we are faced. We have an official Executive, we have popular representatives. It is obviously undesirable that they should stand apart from each other, having no relations. The object of the constitution was that these two elements should bring their influence to bear on each other and I believe, Sir, that in fact they do. I am perfectly certain that the non-official Members bring a great deal of influence to bear on the Executive and I hope that occasionally, though not perhaps so frequently, the Executive are able to exercise a little persuasive influence on non-official Members. And it is a good thing, Sir, that in these Councils we should endeavour to appreciate each other's point of view. This morning I heard one Honourable Member express with emphasis and apparently with satisfaction his complete inability to understand the official mind. It may be a hard and perplexing task to understand the official mind, but it is a task that has to be essayed. The ability to appreciate other people's points of view is surely one of the first principles of democracy, and I trust that on further consideration my Honourable friend will discard his autocratic prejudice. It appears to me that if the Resolution which my Honourable friend has moved were brought into effect, it would create, not as he suggests a spirit of responsibility, but a spirit of irresponsibility. If the official Executive knew that whatever they said, whatever efforts they made, they were bound to be defeated every time, they might begin to regard the Resolutions of the Central Legislature as things of little account, and the Members themselves, the non-official Members, if they realised the probable result of such a system on the attitude of Government, they might also tend to become a little irresponsible and to give expression to opinions and to pass Resolutions which they expected would not be accepted by Government. I think that the present balance whereby the Government have to fight hard in order to get a victory, and are not

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infrequently defeated, is a system which promotes a spirit of responsibility throughout the Central Legislature. But however that may be, we have to take the constitution as we find it. The constitution has been framed on the basis of a certain official representation in the Legislatures. So long as the officials are Members they must have the full rights of Members. That, Sir, is the answer which was given to a somewhat similar proposal by a body which is not without authority in this Council, the Reforms Inquiry Committee. These are their words (they are talking of officials):

“So long as they are members, we are agreed that they must have the full rights of members.”

That, Sir, appears to me to be a sound and unassailable position, and really it would be possible to leave the matter there.

But there is a further point. I think when I have developed it the House will agree with me that the Honourable Member's proposition is really entirely impracticable. The proposal which he has put forward originated in connection with a form of constitution which we do not possess in the Central Legislature. It originated in the form of constitution known as “dyarchy”, and I observe with some interest that the majority of the quotations which the Honourable Member read out to us from the Montagu-Chelmsford Report and other constitutional documents had reference to that dyarchical constitution in the provinces. Now, Sir, there we have two separate executives; we have an executive for the reserved subjects, and an executive for the transferred subjects, but have only one Legislature. It may be argued—I do not say whether it is a reasonable argument or an unreasonable one, for present purposes I need not go into that point, but it is at any rate an intelligible position—that as there is a separate executive for the reserved side and a separate executive for the transferred side, so there should be separate Legislatures for the two sides of the Government. People who hold those views, looking round and finding in existence a single Legislature in the provinces, have hit upon the idea that they can, while maintaining the single Legislature, in fact make it into two by this device of saying that the official Members and non-official Members should both vote on the reserved subjects, but that on the transferred subjects only the non-official Members should vote. That, Sir, in fact would amount to the constitution of two separate Legislatures, and that is a proposition which at any rate is arguable. My Honourable friend has transferred those ideas from a sphere to which they are entirely applicable to a sphere in which they have no application at all, namely, the Central Legislature. Here we have no dyarchy. Our subjects are all dealt with by the same Government, and my Honourable friend was obviously faced with some difficulty in making any suggestion as to how to decide which subjects should be voted upon by the non-officials and which by the whole House. His solution is that non-official Bills and Resolutions should be assigned to non-official Members. But, Sir, what is a non-official Bill or Resolution, and how does it differ from an official Bill or Resolution? They deal with exactly the same subjects, and it is frequently a mere accident whether a particular Resolution is brought forward by an official or by a non-official. I can imagine, under the system recommended by my Honourable friend, that there would be possibly an unseemly rush in order to table Resolutions. We should find my Honour-

able friend Mr. Ramadas Pantulu endeavouring to be just ahead of my Honourable friend Mr. Brayne in tabling his Resolution about prohibition. If Mr. Brayne were able to get in before him, then the official Members would have the opportunity of recording their votes on the Resolution. On the other hand, if Mr. Pantulu was first, then we should all be muzzled. That, Sir, does not seem to me to be a practical proposition, and in fact there is no means of dividing the Legislature of a unitary Government, and that is really what my Honourable friend has proposed should be done. On these grounds, Sir, I hope the House will support the Government in voting against this Resolution.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, I confess to a certain amount of embarrassment in speaking on this Resolution. Frankly speaking, I am not enamoured of it because I do not believe in the possibilities of the present constitution being worked out even with a mute official *bloc*. The constitution is so bad inherently that this device will not improve it. That is why the Party to which I belong has thought fit not to take very much part in working the constitution as it is. However, the Resolution has raised one or two questions of some constitutional importance and I would like to say a few words. My Honourable friend on the official side has just said that the officials, if they are asked to express their opinion merely by voice and not by vote, will be reduced to the position of Vakils. I will remind my Honourable friend that the constitution does at present provide for Vakils. The Honourable the Leader of this House and the Honourable Mr. Das will both be Vakils in the Assembly and the Honourable Sir Charles Innes and the Honourable Sir Alexander Muddiman will be Vakils in this House. There are possibilities in the constitution for Vakils coming and pleading without having the right to vote, only we should like to have a few more Vakils. And as a Vakil I may tell the Honourable Mr. Haig that the position of Vakils is not so bad as that of official Members because at least we have the privilege of throwing away a bad brief. A Vakil can throw away a bad brief, but that privilege is denied to the official Benches.

To come to the more serious points in the debate, it is certainly anomalous that a person who is a Member of the House under the constitution should be asked not to vote. I quite realise the force of the objection on the official side, but when we see that the Government of India Act provides for a constitution which is itself anomalous and unnatural, which is unprecedented in any other constitution, suggestions like those made by Mr. Chari need not surprise us much. Is there any constitution under which the permanent officials form a *bloc* and influence non-official opinion? Is there any constitution in which a large number of persons nominated by the Government reflect the opinions of the Legislature? These are wholly unnatural things which we find only under the constitution of the Government of India Act. The division on my prohibition Resolution shows that if officials did not vote this Council would have declared in favour of a policy of prohibition. Therefore if my Honourable friend's Resolution asks for a new precedent being established, I really do not find any harm in it. Nor do I find it unconstitutional to ask a party not to vote. Very often we ask the parties to vote according to a whip issued to them. As my Honourable friend knows, every party does it, and I do not see why the Government Party which now votes accord-

[Mr. V. Ramadas Pantulu.]

ing to a particular mandate, may not also refrain from voting if the Government asks them to do so. I do not think there is anything unconstitutional in this. Under the Government of India Act every party has a right to vote or not and decide how it shall vote. That is a privilege every party exercises, and fortunately or unfortunately the official *bloc* is a recognised party in the House. It has its own official whip; it has its own mandates. (*An Honourable Member*: "Have you not your own?") Yes we have and we ask the Government also to adopt this plan of not voting on certain occasions. If there is such a thing as the Government being represented by nominated Members on the Legislatures, my Honourable friends on the other side ought also to be aware of the system of "weighting the votes" which obtains under some constitutions. Under that system of weighting the votes any two Government Members may be given a dozen votes each to turn the scale. What is the use of such automatic votes? If we are to ascertain what the real non-official opinion is, the official members must refrain from voting. My Honourable friend Mr. Desika Chari has elaborated the reasons why Government should ascertain non-official opinion in this particular way. Whether it be a Bill or a Resolution, the Government always have the last word. They can treat any Resolution which is passed in this House as being merely advisory or recommendatory and they are not going to be affected by it; then why should not this Council record the opinion of the non-official Members? Therefore, I do not think this is such an unreasonable request having regard to the unreasonable nature of the constitution. In the special circumstances of the constitution I think there is a great deal to be said for Mr. Chari's Resolution.

One word more and I have done. My Honourable friend has appealed to the non-official Members to essay the task of appreciating the Government point of view. I do not think the non-official Members of this House have ever been guilty of neglect in this respect. We always look to the Government view, because our salvation lies in taking it into account. We know that the Government view has such a predominance in this House that we always make it our business to understand the Government and to find arguments to meet it. Our task is an extremely difficult one and we are not unmindful of the difficulty. It is thrust on us every day of our lives; and I can assure my Honourable friend we always do essay the task of appreciating the Government's point of view. It is the Government that should cultivate the habit of essaying the task of appreciating and understanding the non-official point of view. It is somewhat surprising to be told that official non-participation in voting will develop irresponsibility in the non-official Member. To whom are we to be responsible? Certainly not to the officials. We are often reminded that the Executive is irresponsible to the Legislature under the present constitution. Am I to understand my Honourable friend that irresponsibility is to be the monopoly of officials? The charge of irresponsibility comes with bad grace.

With these words I support, though with some hesitation, the Resolution of the Honourable Mr. Chari.

THE HONOURABLE SIRDAR SHIVDEV SINGH OBEROI (Punjab: Sikh): I am sorry, I cannot see eye to eye with my Honourable friend the

Mover of this Resolution which is meant to deprive the official Members of this House of their first initial right and privilege of membership and it is asked that they should not vote on non-official Bills and Resolutions. It is said the official Members must express their views but not vote on points which may be put before the House by non-official Members. Now, first of all, I do not find this practice in any country governed on Parliamentary lines. There are always two parties, one which represents the Government and the other which represents the people. Even in those countries which are more advanced in their constitution the right to vote is not taken away from the official *bloc*. Of course it is a fact, as my Honourable friend Mr. Ramadas Pantulu has said, that had the officials not voted to-day his Resolution would have been carried. It is also true that the present constitution is full of deficiencies and shortcomings which we hope in due course of time may be removed. But I do not see any force in this Resolution—that as the popular point of view is not carried, the official *bloc* should be deprived of the right to vote. Here in this Council as well as I think in the Assembly we have got a majority of elected Members. I think there are 33 elected Members against 25 official and non-official nominated Members. I cannot believe that every official nominated Member is bound to vote for Government. He has to use his discretion conscientiously in giving his vote on the matters which come before the House for discussion. If it is a matter of vital importance in which the Government feel keenly interested, and the nominated non-official Member happens to be of one opinion and the Government of another opinion, he is at full liberty to vote according to his conscience, though he may run the risk of being not nominated a second time. The best thing which should be done of course, as I said before, is to see that we do not run the risk of being in a minority in this House. The elected Members are in a majority, and the best thing to be done is to have union and harmony amongst the elected Members themselves, so that they may stand together apart from the official Members whenever any matter of vital importance to the welfare of the country is being discussed or put to the vote.

Unfortunately in this House we have no party. We have been unable to form either an Independent or Nationalist or Swaraj Party. I find there are some Honourable Members who belong to the Swaraj Party.

4 P.M. The best thing to fight the Government in a Parliamentary way is to form parties and to have unanimity of votes on matters in which the public view does not see eye to eye with the official view. With these few remarks, Sir, I do not support the Resolution and I am sorry that I have to oppose it.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, I confess I am still unable to see, after a very lengthy speech by the Honourable Mover of this Resolution, the reason or propriety of moving this Resolution at this stage. My friend Mr. Ramadas Pantulu has also made certain observations regarding the unreasonable nature of the constitution. If he as well as the Honourable Mover of the Resolution have by to-day's speeches sought to pave their way in advance for the expected visit of the Statutory Commission, it is another matter. In that case I could only say that they have selected a wrong forum. Whether the constitution is unreasonable or defective or whether the material for which the constitution is provided

[Sir Maneckji Dadabhoy.]

is unreasonable and unsound is to be decided by the Statutory Commission. My Honourable friends forget that the whole fabric, the whole groundwork, of the existing Reforms and the policy indicated in the Government of India Act is that the Executive, the Government of India, is not made responsible to the Indian Legislature, and if that feature of the Reform scheme had been kept in view the whole of the discussion to-day would be superfluous and infructuous. If the constitution as it is framed makes the Government of India absolutely independent of the Indian Legislature then all that I can say is that a Resolution of this kind at this stage is wholly premature. My friends are fully aware that the present constitution is of a transitory character. India has been placed on a period of apprenticeship or stewardship to justify her ability for a full measure of responsible government and till that ability, that competence on our part is proved and justified and acknowledged by the only authority which the Government of India Act lays down, and that will be the Parliamentary Committee,—till their decision is given the whole of this discussion seems to my mind to be absolutely barren of any result.

My friend Mr. Chari made certain observations in the course of his speech which I also regret I have not been able to follow. In abstract I am in entire sympathy with him, but when he says that if the officials are precluded from voting and taking part in the debates it will help them to understand the non-official aspect of the case on different measures or Resolutions which may be brought forward in this House, or, as he mentioned, that the non-official Members will get more scope and be in a position to exercise their independence, then I must state I am entirely unable to understand him. I cannot follow his argument. How does the official vote prevent full scope to the non-official Members to represent their views before the Council? Likewise I am unable to follow how the independence of the non-official Members is taken away by the mere fact that the officials as Members of the Council are entitled to vote? He made a great point in respect of this matter and the Council will agree with me that the whole of his argument on this point has been totally unconvincing. He then states very lightly, I may say with levity, "Oh, what does it matter if the official Members are precluded from voting. The non-official Members can bring in Bills and Resolutions and if they decide among themselves to pass a Bill, well, the Viceroy has the right of veto and he need not give his consent." That is the argument which my Honourable friend has advanced. What will be the upshot of such an argument? He wants the Viceroy to be put in an invidious position every time a Bill is passed in this House. His Excellency is to consider whether to veto it or not and perhaps he will have to veto every Session a dozen measures passed in this Council and a dozen more in the other House—a position which would be intolerable, which would be inconsistent with the dignity of that great office and which to my mind seems to be an extremely ridiculous suggestion. He has also stated that if the Government do not take any part in the deliberations of this Council the Government will have a clearer aspect of the non-official view. There too I am unable to follow him. How are the Government precluded from having a clear view of the non-official

opinion? Every non-official Member has the right to get up and place his point of view before the Council and the Government always have to give full consideration to those views before deciding any question. The abstinence of the Government Members from voting cannot possibly help either the elucidation of the problems or in the better understanding of the views of the different Members of this Council. Sir, I am of opinion on the other hand that the official vote and the part which the official Members take in respect of both Bills and Resolutions is of a guiding and edifying nature. We as non-officials do not know the many objections, the many intricacies involved in certain problems. We have not the materials or the means of ascertaining them and much information is excluded from the ordinary vision of the non-official Members. The Government Members on the contrary are in a position to throw a flood of light on many difficult and important problems. Thus the official element is in a better position to judge of the reasonableness or the unreasonableness of any particular proposal before the Council owing to its fuller equipment of information. In my opinion the Government voting is in a measure a distinct guidance; and in this transitory period where, under the law as it stands, official Members have been allowed to be appointed, it seems altogether unreasonable on our part to ask the Government or even to move His Majesty's Government to deprive these men of their just rights and privileges. I hope this Council will not countenance an unreasonable and arbitrary suggestion of this nature.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, it appears to me that the scope of this Resolution has been misunderstood. The Honourable Mover's idea is that here a convention may be established that there should be some subjects on which we are agreed that the non-officials will have a free hand and decide them for themselves, and on other occasions—of course the whole Council sits together and does vote together—there should be no official or legal prohibition to the official Members from voting. Precedents for this there are, and I am going to cite those precedents to-day. One was when the Joshi Bill was here—there was a Bill brought in to prohibit Joshis from practising as Joshis and that the fees should not be claimable in court. That was in a Delhi Session, and then the officials said in effect: "This is a matter purely for Hindus and therefore we shall take no part; you had better settle it amongst yourselves." The Muhammadans also in effect said: "Look here, this is a Hindu Bill, we do not want to bother about it, you can do what you please." Ultimately we settled the Bill after the vote of the Hindus alone, and the official Members and the Muhammadan Members stood by. Then there was a Resolution brought up at Simla, I think, that if half the members of a particular community opposed a particular measure exclusively relating to that community, then that measure ought not to be passed. I took part in the discussion I believe—some Honourable Members may remember the thing—and I agreed and we were all agreed, that supposing there is a Bill, say for instance something that affects the Muhammadan religion, if half of the Muhammadan Members oppose the thing, then we agree to drop it. These are not rules, not to be enforced by any particular hard and fast rule or anything of that kind, but this was to be a sort of convention, a sort of understanding, between ourselves. Just as we teach a child to walk by permitting his attempting to stand up and then allow the child to get up

[Mr. G. S. Khaparde.]

against the wall after a few halting steps, in that way not much hurt is caused in learning to walk, in fact the child learns so much the better for it. The idea is that there will be some agreed subjects, very few, not a large number, in connection with which on some occasions the non-officials may be left to themselves. They will get up and perhaps say wrong things, I quite agree, and tumble and fall down, that is all true, but no great injury will be done because it will be a small number of subjects—just as in the case of children being taught to walk. If you always hold up children and never allow them to walk at all, they will never learn to walk. So this is a transitory period as my Honourable friend, Sir Maneckji Dadabhoy has said, and that is the very reason, because it is a transitory period, the idea is to have a convention like this,—not to pass it as a Resolution here or as laws, but amongst ourselves. My friend, the Honourable Sardar Shivdev Oberoi, thinks that there should be parties to vote in one way in any matter. I agree to this extent: this matter had better be discussed privately amongst ourselves; a convention is not a matter of rule but an understanding, and if I understand the Honourable Mover correctly, he means that there should be a convention, not a rule nor a provision under which a few small subjects may be agreed upon and left entirely to ourselves, and then we can speak on them and argue upon them, and the non-officials may advise, but we say, “Look here, this is a small matter, we beg to do it just as we like, just as we allow children to get up against a wall and learn to walk”. That I think is the meaning of the Resolution as put here, as also explained by the Honourable Mover himself. If that is so, I do not see any objection. It is a matter of pure agreement, not of law. My friend the Honourable Sardar thinks that there should be a party. I myself rather congratulate this House upon having no parties, because in the case of parties the Members have got to subordinate their judgment to the mandates that are given from outside, and I am unwilling that any Honourable Members of this House should subordinate their judgment to the judgment of others. I am also unwilling that the official Members should be hampered in a particular way. But I am anxious that a few small subjects which are not very harmful should be left entirely to the non-officials, and that will teach us responsibility. At present I believe there are no parties in this Honourable House, but elsewhere they appear to say “there is a block, and the measure will not pass through. What does it matter? I can say what I choose”. If left to ourselves probably we shall first begin to feel the weight of what is a responsible vote and then we shall not say or do anything that will provoke laughter. For these reasons I think—and I think that is the idea as I have endeavoured to gather by reading the Resolution—it would be a very useful thing if we may have a few small subjects on which the officials will certainly advise but will refrain from making their opinion effective by their vote. It is not that they should not vote but that they will kindly refrain from voting, just to see how we do—in that sense I am afraid the drafting of the Resolution has not been very good. I wish the Mover had taken the advice of our official draftsmen and then the underlying idea could be brought out. As it is, it reads a little too broad, that the officials should not vote on non-official subjects. The idea is to have a few subjects in which we should be left to ourselves to see how we learn to exercise responsibility. From that

point of view and on the basis of that understanding, I am disposed to support the original proposition as put forward.

THE HONOURABLE SIR JOHN BELL (Bengal Chamber of Commerce): Sir, I beg to move that the question be now put.

THE HONOURABLE THE PRESIDENT: The question is that the question be now put.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question is:

"That the following Resolution be adopted:

'This Council recommends to the Governor General in Council to move the Governor General or if necessary His Majesty's Government to issue instructions to the official Members of the Central Legislature to refrain from voting on non-official Bills and Resolutions in the Indian Legislatures'."

The motion was negatived.

RESOLUTION RE SEPARATION OF THE POST AND TELEGRAPH DEPARTMENTS.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammādan): Sir, I beg to move the following Resolution which stands in my name:

"This Council recommends to the Governor General in Council that the Post and Telegraph Departments be separated and accounts separately maintained for them in future."

Sir, though the accounts of the Posts and Telegraphs are shown separately in the Budget, yet for the purpose of profit and loss, both the Departments have been combined and a net loss shown in the Budget. By so doing, Sir, any reductions of postal rates are denied to the public. Hence the need for moving this Resolution, Sir.

The separation of Posts from Telegraphs is one of the many insistent popular demands which the Government have been persistently refusing to comply with. The reason for this is not far to seek. The Telegraph Department is working at a considerable loss and is a heavy drag on the Postal Department. The surplus of the Postal Department is utilized to meet the deficits of the Telegraphs so as not to swell the loss from the latter. To repeat an oft-quoted simile, it is like robbing Peter and paying Paul. The Postal Department is availed of by the masses in a much larger measure than the Telegraphs. The Telegraph Department is mainly intended for the commercial classes and the State. It is no exaggeration when I say that in rural parts even to-day a telegram is construed generally as signifying danger to one's life or one's death. With what feverish anxiety, with what heavy sighs and sobs and tears trickling from their eyes, the villagers cluster round a telegraph messenger even before the message

[Dr. U. Rama Rau.]

is delivered, read and interpreted, is known to every Indian whose lot was cast at one time or other with village life. The postman is for the simple rustic a messenger of peace, of good tidings. To deprive him therefore of the benefits of a cheap postal service and to make him pay for the Telegraph Department which benefits the Government and the commercial classes mostly is harsh, unjust and indefensible. Economy without impairing efficiency is the only aim in combining Departments together, but this object has been frustrated by the unequal yoking up of the Post and Telegraph Departments. By this combination one should naturally expect that all the functions now being discharged at present by three separate heads, such as a Postmaster General for the Postal Department, a Director for Telegraph Engineering, and one Deputy Postmaster General in charge of the Railway Mail Service, would be merged in a single individual; but, unfortunately, it is not so. In the Province of Burma however there is one single individual discharging all these duties but in India we have the same old staff maintained still. I understand the experiment in vogue in Burma has been tried recently in Bombay but it has been or is about to be discarded because a hue and cry is raised against this proposal by vested interests. From the view point of economy, therefore, this clubbing together is in no way advantageous to the public, unless the Government are able to show substantial savings under establishment, allowances, etc. Further the State telegrams swallow up a good lot of the people's money and there is no tendency of its decreasing. The Telegraph Department stands as an impregnable barrier in the way of the people getting cheap postal service because whenever the question of reduction of postal rates is raised, we are reminded of the stern fact that the Post and Telegraph Department is not paying its way yet. The public are put to great suffering in consequence. Each Department must be able to develop in its own way and must not be a hanger-on on the other. Separation of these two Departments should therefore be effected at any cost and each Department should maintain a separate account. It is only then that effective control over the working of the Departments could be exercised.

The only argument against the separation so far urged by the Government is that the telegraph charges are paid for in postage stamps and there would be difficulty in apportioning the revenues for each Department. This argument cannot hold water even for a moment. In the first place there is no reason why the telegraph charges should be paid for in postage stamps. Granting they have to be paid in stamps only, the difficulty in accounting for and arriving at the correct revenue from Telegraphs as distinguished from Posts, is not after all insurmountable. An adjustment, as is done in the case of unified receipt stamps, is all that is necessary and an average for the past few years may be taken as the basis and fixed as the revenue from the Telegraph Department, to which may be added a certain percentage annually, to allow for the normal growth and expansion of traffic. Apart from this I see no other valid ground adduced for sticking to this combined system and in the absence of any, one can only surmise that this is only a plausible excuse devised to burke the whole issue. I would therefore strongly appeal to the Government to have these Departments separated and have their accounts maintained also separately so that each may develop its resources independently of the other. With these words, Sir, I recommend the Resolution for your approval.

THE HONOURABLE MR. A. C. McWATTERS (Industries and Labour Secretary): Sir, if I rise early in the debate on this Resolution it is because the hour is getting late and I hope the few words which I have to say will tend to shorten discussion. The form of the Resolution is somewhat peculiar. It resolves itself into two parts, the first asks for the separation of the two departments and the second for the separation of the accounts. There are then two quite separate matters, administrative separation and the separation of accounts, and I will deal with the second part first.

My answer to the second part is that it has been done already. The Government took this matter up in the year 1920 and they brought out to India representatives of an expert firm of Chartered Accountants, Messrs. Price, Waterhouse & Co., who went into this matter with very great care. During the last few years detailed investigations have been undertaken in pursuance of the Chartered Accountants' report as a result of which the whole of the Postal and Telegraph accounts have been reorganised. The details of that reorganisation were laid before the Public Accounts Committee last summer in this memorandum which I have here in my hand. I will not trouble the House with all the details. Many Members of the House are familiar, no doubt with the form of the Post and Telegraph accounts. The main feature of these accounts as reorganised is the institution of a proper Profit and Loss Account and I would call the Honourable Mover's attention to the fact that it is not a Profit and Loss Account merely for the combined department as a whole but it is a Profit and Loss Account for each of the three constituent branches of the department, separately for the Post Offices, separately for the Telegraph Department and separately for the Telephones; and if the Honourable Member cares to spend a little time in perusing this yellow book which is produced at the time of the Budget, he will see that there are not only separate Profit and Loss Accounts in the summary at the beginning of the volume but the separation is carried right through the whole of the subsidiary statements, so that the detailed accounts of the three branches of the department are already shown quite separately in the Government accounts. Moreover, it is not merely a *pro forma* account. It is a real Profit and Loss account, an integral part of the Government accounts; that is to say, the departments receive actual credits for services rendered by them and accept actual debits. In England I believe the similar department produces only a *pro forma* account. In India we have preferred to include this Profit and Loss Account as an integral part of the Government accounts. Our object in doing this was exactly the object which the Honourable Member himself has at heart in moving his Resolution. It was first of all to see whether the department as a whole is paying its way or is a burden on the tax-payer, secondly to see whether each of the constituent branches of the department is paying its way and thirdly as a corollary to that, whether the existing rates, for Posts, Telegraphs or Telephones, are or are not suitable. I think the House will find when we come to discuss, as no doubt we shall, the question of postal rates before the end of the present Session, that the information which is put before them in this yellow book will enable them to get a clear idea of the commercial working of the departments separately in each of its three branches. So much, Sir, for the question of the form of the accounts.

But as the Resolution stands, it is worded much more widely. It recommends that the Postal and Telegraph Departments be separated.

[Mr. A. C. McWatters.]

That, Sir, is a very—I was going to say—retrograde measure to propose, because during the last two decades we have been moving exactly in the opposite direction. It was as long ago as 1872, I think, that the question of amalgamating the Post and Telegraph Departments was first suggested. The proposal was not accepted at that time, but during the succeeding years, a number of changes were made in the departments, which have had the result of facilitating the eventual amalgamation. I refer, for instance, to the introduction of combined post and telegraph offices, which was about 1884 or 1885, then the combination of the two departments under a single Member of Council. That was when the Commerce and Industries Department was founded in 1905, the department which I had the honour to enter as an Under Secretary 17 years ago. Another change that was made was the training of Postal Superintendents in telegraph, in order to enable them to exercise a more efficient control over the combined offices. Fourthly, there was the introduction of the Circle system in the Telegraph Department in 1910. All these changes facilitated the eventual amalgamation of the departments, and that amalgamation was not undertaken without actual careful experiment. In 1911 a detailed experiment was undertaken in the Bombay and Central Circles, under Sir Charles Stuart Wilson, as a result of which the present form of amalgamation was adopted in 1914. The principal features of that amalgamation are that the departments have been placed under a single head, the Director General of Posts and Telegraphs, and the engineering and traffic work of the Telegraph Department have been separated. The telegraph traffic work is now controlled by Postmasters General. That is the main feature of the fusion between the departments, as it stands at present.

I may add that in 1925 the Ryan Committee in their majority report have given their considered opinion that the present line of amalgamation is the correct one. I will not go into the question whether any further fusion is possible. The Honourable Mover himself referred to various experiments which are in progress of which indeed I informed him yesterday in answer to a question which he asked in this House.

I turn now to the benefits which were anticipated from this amalgamation. In the first place, we are following the policy which had been adopted by the United Kingdom, and I think by most other important countries, in amalgamating their Post and Telegraph Departments. The position in England is very much the same as here. They have a combined department of Posts and Telegraphs with a separate Telegraph Engineering branch. In the second place, it is obvious that a single administrative head of two allied departments is better for the purposes of co-ordination. Thirdly, it is fairly obvious that the engineering staff in the Telegraph Department are far more likely to do their real work properly if they are relieved of traffic duties, which is the main feature of the present amalgamation. If you consider the very great improvements that have been effected in the technique of telegraphy, the introduction of modern telegraph inventions for speeding up traffic, if you consider the improvements in long-distance telephones, how we can speak from Delhi to fifty places in India if you consider all these things, then you will agree that these improvements could hardly have been carried out if the telegraph engineers had continued to be hampered by traffic duties.

Finally, the most important question in regard to this amalgamation is the question of economy. As a result of the amalgamation there was an immediate saving of 3½ lakhs, owing to the reduction of 28 posts. Those 28 posts at present rates of pay would represent about 4½ lakhs. Quite apart however from that direct saving, there is a further saving caused by the greater facilities which the combination of the departments allows for the opening of combined offices. The number of combined offices has been increased by about 600 in the last ten years and the number would have been considerably larger had it not been for the War. Secondly, there is great economy in inspection, because the same officer is in most cases able to do the double inspection of both sides of the office, which otherwise would have required extra expenditure in travelling allowances, if a telegraph officer had to come and inspect the same office. There is a saving of time, money and correspondence in the opening of these combined offices.

I think it would be a great mistake to go back on the present policy. It is very much easier to break up an organisation than to build one up. Our own experience has shown that it is not at all an easy matter to amalgamate two departments, the recruitment to which has been of different classes of officers and on different lines. There are vested interests that grow up and it has only been slowly and with considerable difficulty that the present fusion has been attained. I think the House will readily agree that it would be a retrograde step to accept what this Resolution asks, or appears to ask, that the Post and Telegraph Departments should be separated. As to the separation of the accounts I have already explained that that has been done, and completely done already.

THE HONOURABLE THE PRESIDENT: The question is:

"That the following Resolution be adopted:

'This Council recommends to the Governor General in Council that the Post and Telegraph Departments be separated and accounts separately maintained for them in future.'

The motion was negatived.

RESOLUTION RE REDUCTION OF RAILWAY FARES FOR THIRD CLASS PASSENGERS.

THE HONOURABLE SETH GOVIND DAS (Central Provinces: General): Sir, I rise to move the Resolution which stands in my name. It reads as follows:

"This Council recommends to the Governor General in Council to take immediate steps to reduce railway fares for third class passengers by at least 33 per cent."

At this late hour I do not want to take up much of the time of this Honourable House and I shall finish with a few remarks only on this Resolution. Let it not be understood, Sir, that it has now become a kind of annual amusement to move such Resolutions in the Indian Legislative Assembly or in the Council of State. There is no doubt that more than

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once this Resolution was moved in the Assembly, and if I move it to-day in this House, it is because I think that the Government did not hear the appeals of the people at that time and, though some few concessions have been made, they are far from satisfactory.

It is the dire necessity of the people that makes us move these Resolutions again and again. Whenever we go to our constituencies, or when we are at home, we receive bundles of requisitions for reducing third class fares and it shows the very pressing nature of this grievance.

No, Sir, if we go into the merits of the question we see that 98 per cent. of the passengers who travel in India are travelling in the third class and 80 per cent. of the earnings of the Railways are from third class passengers. The profits from the third class passenger traffic is about one crore of rupees, and what has been done to relieve the third class passenger?

An Honourable Member: What is one crore?

THE HONOURABLE SETH GOVIND DAS: The profits per year.* I quote these figures from the Railway Report.

Then, Sir, what has been done for them in this very long period? We see that the first and second class fares have been reduced considerably, and the fares of the first and second classes are paid by people who can easily pay much more than they are paying now. The people who travel by the third class and their hardships, the Government themselves know. The average income of the people of this country was estimated at the time of Lord Curzon at about Rs. 25. Now Government say that it has increased to a very great extent. It might have, but even supposing it is Rs. 100 per year, is it not very hard for those people who travel in the third class to pay such high fares as they are paying now? In these hard times it is very difficult to have sufficient money for even one's bread and butter, and it is very difficult for the people of India to feed themselves, to cover their bodies and to arrange for medicines for their families. Then, Sir, travelling is another necessity for which they must provide. Third class passengers do not travel for luxury, they travel for business only. Therefore, Sir, something should be done for them. Then we must see what comforts they have for their money. Very little, because first and second class passengers have all the comforts often at the expense of the third class passengers. Let me make that point clear. On an average, Sir, two carriages are attached on railways for four first class passengers, while for 250 third class passengers only eight carriages are provided. Thus first class passengers get 14 times more space in addition to fans and so many other things than the third class passengers, and they have to pay only six times more money than the third class passengers have to pay. Then, Sir, there is another thing. First class passengers have facilities for sleeping. Now in other countries no first class passengers have facilities for sleeping; they have to pay extra for sleeping facilities. Then, Sir, with so many comforts for the first class, and none at all for third class, if third class passengers have to pay so much it is really an injustice to them. Therefore, I request this House to adopt my

motion and at least to do bare justice to third class passengers. Well, Sir, I am afraid the Honourable the Commerce Member will get up and ask from where he is to get the revenues to make up the deficit. Well, it is his look-out to do that. As my Honourable friend Mr. Ramadas Pantulu said this morning, we are not responsible for making the Budget. He is responsible and he should see from where he is to make up the deficit. I would however make one suggestion to him. Let him increase the first class fares, let him increase the second class fares, and let him charge for sleeping accommodation as is done in other countries, and this will to some extent make up the deficit. With these few remarks I move my Resolution.

THE HONOURABLE SIR CHARLES INNES (Commerce Member): Sir, the Honourable the Mover of this Resolution has been commendably brief, and I propose to follow his example. His first statement was that many Resolutions had been moved in the Assembly for the reduction of third class fares and as no action had been taken it was necessary for the Members of this Council to bring up the matter again and again. Sir, it would lighten the labours of members of Government and of my Department on this question if Honourable Members who move Resolutions of this kind would take the trouble to study the history of Indian Railways for the last three years and satisfy themselves as to what the Government and the Railway Board have done in this matter. I have here, but will not bore the House by reading them, a long list of the reductions made on every railway in India in the last three years in third class fares and in all fares.

THE HONOURABLE SETH GOVIND DAS: I did not say nothing had been done, I only said very little has been done and it is far from satisfactory.

THE HONOURABLE SIR CHARLES INNES: Only last year on most railways we made very considerable reductions in fares. We did so, being a business body, because we hoped that by making these reductions of fares we should stimulate traffic. When the Honourable Member in about 11 days' time hears the Budget statement which I will have to lay before another place and Sir Clement Hindley will have to lay before this Council, he will find that that hope has not been realised and that the reductions of fares that we have made, especially of third class passenger fares, have led to a considerable loss of revenue.

Then, Sir, the Honourable Member proceeded to make the astounding statement that the amount of revenue which the Railway Board derives from passenger traffic was in the neighbourhood of one crore per annum. (*The Honourable Seth Govind Das*: "I said one crore profit, not revenue".) Let me tell the Honourable Member that if this Council were to pass his Resolution and if the Government were to accept it, the loss of revenue which we should incur would be in the neighbourhood of 11 crores per annum. That is what the Honourable Member's Resolution would cost the country, 11 crores per annum. And, Sir, he gets up and calmly makes the suggestion that it is my business to make up this loss of revenue, that I must get back this 11 crores by raising first class fares. I think I need say no more.

THE HONOURABLE SETH GOVIND DAS: I only said that was one of the things which would make it up; I did not say the whole of it could be made up by that.

THE HONOURABLE THE PRESIDENT: The question is :

“ That the following Resolution be adopted :

‘ This Council recommends to the Governor General in Council to take immediate steps to reduce railway fares for third class passengers by at least 33 per cent.’

The motion was negatived.

The Council then adjourned till Eleven of the Clock on Friday, the 11th February, 1927.

COUNCIL OF STATE.

Friday, 11th February 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN:

The Honourable Mr. John Arthur Lang Swan, C.I.E. (Bengal: Nominated Official).

INDIAN LIGHTHOUSE BILL.

THE HONOURABLE MR. G. L. CORBETT (Commerce Secretary): Sir, I move for leave to introduce a Bill to consolidate and amend the law relating to the provision, maintenance and control of lighthouses by the Government in British India.

I hope Honourable Members will find this Bill clear and straightforward when they come to study it. The subject-matter is unusual and rather technical, and for this reason a very full Statement of Objects and Reasons has been prepared, and I hope that this will enable Honourable Members to get a clear view of the scope of the Bill before it is further discussed. I do not think I need supplement this Statement or say anything more at this stage.

Sir, I move.

The motion was adopted.

THE HONOURABLE MR. G. L. CORBETT: Sir, I introduce the Bill.

BENGAL TENANCY (AMENDMENT) BILL.

THE HONOURABLE MR. S. R. DAS (Law Member): Sir, I move that the Bill further to amend the Bengal Tenancy Act, 1885, for a certain purpose, be taken into consideration.

This is a very short measure, and I explained the purport of it when introducing the Bill a few days ago. The object of this Bill is to raise the limit of decrees from which appeals lie to the High Court, in the case of rent suits from Rs. 50 to Rs. 100, in the case of Munsifs, and from Rs. 100 to Rs. 200, in the case of Subordinate or District Judges. It does not interfere with the right of appeal when the judgment deals with any question of rate of rent or question of title.

Sir, I move.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. S. R. DAS: Sir, I move that the Bill be passed.

The motion was adopted.

PROVIDENT FUNDS (AMENDMENT) BILL.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (Education, Health and Lands Member): Sir, I move that the Bill further to amend the Provident Funds Act, 1925, for a certain purpose, be taken into consideration.

I have nothing further to add to what I had stated when I sought the leave of the House the other day to introduce this Bill. I will only emphasise that this Bill is designed to afford relief to a poorly paid and deserving class of public servants employed in subordinate services in educational institutions and other bodies which control such institutions. On account of the fewness of their numbers it was not considered a practical proposition to launch into existence a separate Provident Fund scheme for their sole benefit. It was therefore considered necessary to bring them under the purview of the existing law relating to Provident Funds. This object was not attainable unless section 2(d) of the Act was amended, and the Bill therefore seeks to carry out that intention.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: Sir, I move that the Bill be passed.

THE HONOURABLE SIR ARTHUR FROMM (Bombay Chamber of Commerce): Sir, I congratulate the Honourable Member on this small Bill of his, inasmuch as it seeks to extend the benefits of the Provident Funds Act, 1925, to some more employees.

I think it might interest Members of this Council if I tell them briefly what the benefits of the Provident Funds Act of 1925 comprise. The chief of these are:—

- (1) Contributions to the Provident Fund are exempted from income-tax,
- (2) Compulsory deposits in the Fund are immune from attachment,
- (3) Interest on securities held by the Fund is exempt from income-tax,

- (4) The amount standing to the credit of a deceased subscriber is handed over to the widow free from any debt or liability incurred by the deceased or the widow, before the subscriber's death.

The foregoing are some of the benefits of the Provident Funds Act of 1925, and these benefits are now extended, as the Honourable Member has explained to the House, to teachers in educational institutions.

Sir, when the Honourable Member introduced this Bill he referred to it as a very small one. I do not seek to suggest that in making this remark he was apologising for the Bill, but I do suggest that Honourable Members of this Council would have extended it a greater welcome if the Bill had been a larger one. I would explain here that the Provident Funds Act of 1925 is an extraordinarily bad Act. It is an Act of discrimination. It is an Act in a watertight compartment. Why? Because the benefits of that Act extend only to the servants of Government and of semi-Government institutions. In and out of season we have claimed that the benefits of the Provident Funds Act should be extended to private Provident Funds. I do not propose that they should be extended to any sort of fund described as a provident fund, because that might raise a very difficult question in cases of provident funds which are not properly administered. But I do say that the benefits of the Act should be extended to properly constituted provident funds of private companies and other institutions and associations in India. We discussed this at some length at Cawnpore at the meeting of the Associated Chambers of Commerce, and I am glad to say that the Honourable the Finance Member, who was at that meeting, extended to our proposition the greatest sympathy. In fact he said, he undertook on behalf of Government, that this vexed question—an outstanding question of many years—would be looked into by Government; and that is the reason why I am referring to it again in this House to-day. I feel quite sure that the Honourable Sir Muhammad Habibullah will also look into this question. It does seem wrong that a beneficiary Act like the Provident Funds Act, should be so circumscribed. After all, the Workmen's Compensation Act was not restricted to Government servants,—all employees come under the benefits of the Workmen's Compensation Act,—and I do contend that the Provident Funds Act should be extended to include properly constituted provident funds of private companies and other such like associations.

With these few remarks, Sir, I support the Honourable Sir Muhammad Habibullah's motion that his small Bill be passed.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: Sir, I have listened with the greatest interest to the remarks made by my Honourable friend. He assured us that the Honourable the Finance Member, who was present at the meeting of the Chambers of Commerce, has already expressed his sympathy with the object which he has in view. If an expression of my sympathy also will infuse into him the hope that the amendment of the Act on the lines indicated by him will be soon undertaken by Government, I can give it.

THE HONOURABLE SIR ARTHUR FROMM: Practical sympathy?

The motion was adopted.

INDIAN LIMITATION (AMENDMENT) BILL.

(AMENDMENT OF SECTIONS 20 AND 21.)

THE HONOURABLE MR. S. R. DAS (Law Member): Sir, I move that the Bill further to amend the Indian Limitation Act, 1908, for certain purposes, as passed by the Legislative Assembly, be taken into consideration.

This also is a very short Bill. Under the present Limitation Act, in the case of any part payment of principal, the fact of the part payment has to be in the handwriting of the person making the part payment as it is to form an acknowledgment which extends the period of limitation; but payment of interest is not required under the present Act to be in the handwriting of the person paying that interest. The Civil Justice Committee recommended that section 20 of the Limitation Act should be amended so as to place the payment of interest on the same footing as part payment of principal. This Bill, Honourable Members will remember, was introduced in the Council of State on the last occasion at its last Session and was passed by the Council of State. When it went before the other House certain objections were taken to the Bill, and it was pointed out that it would be difficult for illiterate persons to acknowledge the fact of payment in their own handwriting, and accordingly the Bill was withdrawn on that occasion and a further amendment was made to the Bill which was passed by this House. That is to say, the new Bill, as amended, provides in clause 2 that:

“Provided that, save in the case of a payment of interest made before the 1st day of January, 1928, an acknowledgment of the payment appears in the handwriting of, or in a writing signed by, the person making the payment.”

It is no longer necessary that the acknowledgment should be in the handwriting of the person who makes the payment, whether part payment or interest. It is sufficient if it is in writing but only signed by him, and that would include the thumb impression of any person who is unable to sign his name.

A further objection was taken in the other House that some time should be given before this Bill came into operation so as to enable those who have not secured acknowledgments to secure them before this Bill comes into operation, and the present Bill provides that this Act shall apply only in the case of payments made after the 1st January, 1928.

The Bill also deals with the right of the *karta* of a joint Hindu family signing an acknowledgment on behalf of the family. No objection was taken to that portion of the Bill by the other House and it remains in the same position as it was when it was passed by this House on the last occasion.

I move, Sir, that the Bill be taken into consideration.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question is:

“That clause 2 do stand part of the Bill.”

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, I agree with the Honourable the Law Member that the change suggested by the new proviso is a very desirable one. Some objection is raised in certain quarters that this proviso unduly restricts the rights of creditors and that the law in England and America is different

from what is laid down in the proviso; but I am satisfied that the condition of debtors in this country is entirely different from the condition of debtors in England and America. and that they require the protection suggested by the proviso. It is a welcome measure.

But I wish to know from the Honourable the Law Member why he has chosen to change the word "fact" which appeared in the old Limitation Act into "acknowledgment". I expect that some trouble might arise from this change of wording, though it is not intentional I think. What I anticipate is this. Under the present Limitation Act if a mortgagee is in possession of the debtor's properties and the debtor has entered into a contract in writing signed by him authorising the mortgagee to appropriate the rents and profits towards the interest, such a contract made in advance of the realisation of rents is now recognised to be a "fact of payment" appearing in his handwriting. Whether it is strictly right or not some High Courts have so interpreted the words "fact of payment"; though the payment is coming in the future still as he has agreed that the payment is to be made by future appropriation the words "fact of payment" have been interpreted to include such future payments also. But I now find, Sir, that the word "fact" is removed and the word "acknowledgment" is introduced in this Bill. I should find it more difficult to say that an "acknowledgment" can be made in advance of payment; so a contract for future payment may not properly be described by the word "acknowledgment"; and it is possible that on future occasions the High Courts might try to nullify the beneficial provisions of sub-section (2) of section 20 by interpreting the word "acknowledgment" as meaning *post facto* acknowledgment. acknowledgment made after the payment is made. So all contracts for the payment of rents and profits in future towards interest may not be covered by the second proviso as they are at present covered. I really do not know why the word "fact" is removed and the word "acknowledgment" is put there. I wish to know something about it from the Honourable the Law Member. Though I do not wish to oppose this beneficial proviso, yet a statement made by the Honourable the Law Member that the law is not altered might perhaps help the courts hereafter, that such is the intention of the Legislature. Though the proceedings of the Council are not relevant legally in considering the section, still they go a long way to help courts to find out the intention of the Legislature. Therefore, if the Honourable Member assures me that no change is intended and the benefits of sub-section (2) which provide for future contracts of payments of rents towards the interest on mortgages are not touched, I shall be satisfied. With these words I support the Bill.

THE HONOURABLE MR. S. R. DAS: Sir, I think I can assure my Honourable friend that no change was intended in the respect that he mentions. After all, even under the old section 20 which is being amended, part payment or payment of interest was intended as an acknowledgment which gave to the creditor a further period of limitation. Where it was a promise before actual payment to make a payment subsequently, it was treated as an acknowledgment of the debt due and as such extended the period of limitation. There has been apart from that decision other conflicting decisions as to the meaning of the words "fact of payment being in the handwriting of the person paying". We have used the words "acknowledgment of payment" because it is the fact of the acknowledgment that extends the period of limitation, acknowledgment of the debt being due which in principle extends the period of limitation. It does

[Mr. S. R. Das.]

not interfere with what amounts to an acknowledgment of the indebtedness as interpreted by the courts. We did not desire to interfere with that in any way. If there is an acknowledgment of debt due then it comes under this section. If the circumstance of payment does not amount to an acknowledgment of the debt due, it is not intended that that should extend the period of limitation.

Clause 2 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 3 stand part of the Bill."

*THE HONOURABLE KUMAR SANKAR ROY CHOUDHURI (East Bengal; Non-Muhammadan): Sir, the purpose of this clause is to make an acknowledgment made by a Hindu widow or coparcener binding upon the reversioners or the other coparceners. My submission is that, unless some such words are added as "except in the case of fraud or collusion", it would be too hard upon the coparceners or the reversioners to be bound by an acknowledgment made by a Hindu widow or the other coparceners. I would therefore suggest that some such words should be added at the beginning of the clause just before clause (a) begins—"except in the case of fraud or collusion".

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces Nominated Non-Official): Sir, I am unable to understand the anxiety of my friend there in his desire to add the words "fraud or collusion" to the clause. The real object of this clause, as I understand it, is to give a full measure of protection to a party dealing with a limited owner against a reversioner. It is essentially necessary that, where a liability has been incurred by a widow or a qualified owner under Hindu law, the acknowledgment passed on behalf of such qualified owner by a duly authorised agent should bind the reversioner. It is merely an equitable thing to do; otherwise in many cases gross injustice would be perpetrated. I see that the clause is extremely pertinent. This matter has been the subject of many conflicting decisions in the various High Courts in the past, and I am glad that once for all this proposition is now to be settled by legislation.

THE HONOURABLE LALA SUKHBIR SINHA (United Provinces Northern; Non-Muhammadan): Sir, I also oppose this amendment as I think that the owner, a widow, is full proprietor and has full powers and she must have the right of acknowledgment of payment as a real owner. Her right should not be objected to. Until she is removed from the property or from her rights, she must have full power for acknowledgment of payments.

THE HONOURABLE MR. S. R. DAS: Sir, I do not think there is any ground for the apprehension of the Honourable Kumar Sankar Roy Choudhuri because fraud or collusion always vitiates a transaction; it is unnecessary to put that down in this clause. If this acknowledgment is obtained by fraud or collusion, that acknowledgment will have no effect whatever, provided the fraud or collusion is proved. But it is wholly unnecessary to put that in the Bill itself.

Clause 3 was added to the Bill.

Clause 4 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. S. R. DAS: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

INDIAN REGISTRATION (AMENDMENT) BILL.

THE HONOURABLE MR. S. R. DAS (Law Member): Sir, I move that the Bill further to amend the Indian Registration Act, 1908, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration.

This Bill is intended to get rid of the effect of a recent Privy Council decision which held that an agreement for sale which recites the payment of earnest money or part payment of principal needed registration and could not be used in a suit for specific performance or for the purpose of evidence unless it was registered. Until that decision was given and from the year 1877 when the Registration Act was first passed, numerous transactions have taken place on the basis of the understanding that an agreement for sale which created no interest in land did not require registration. The Bill is intended to make it quite clear that such an agreement need not be registered.

*THE HONOURABLE KUMAR SANKAR ROY CHOUDHURI (East Bengal: Non-Muhammadian): Sir, I want an explanation from my Honourable friend the Law Member. I should like to know what will be the effect upon the charge created in respect of any advance of the purchase money paid. That was, I think, the basis of the decision of the Privy Council. That point ought to be made quite clear.

THE HONOURABLE MR. S. R. DAS: Sir, I do not think there is any difficulty with regard to that point. That is a charge created by the Statute itself. It is the Transfer of the Property Act itself which creates that charge. The fact that the payment is recited in the agreement for sale does not create the charge. The charge is created by the Statute, and, so far as that charge is concerned, this Bill in no way affects it. All that it says is that the document need not be registered. It deals only with the recital of the payment of earnest money in the agreement for sale. It does not affect the point that my friend has raised.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill further to amend the Indian Registration Act, 1908, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clause 1 was added to the Bill.

Clause 2 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. S. R. DAS: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

MADRAS SALT (AMENDMENT) BILL.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I move that the Bill further to amend the Madras Salt Act, 1889, for a certain purpose, be taken into consideration.

It is a generally accepted principle that the cost of preventive establishment and the cost of collection of the salt duty should not be charged to private manufacturers of salt, i.e., owners of factories working under licence from Government. These charges are properly debited to Government as part of the cost of administration of the salt duty. It is necessary, however, that the interests of Government should be protected and that a certain limitation should exist in Government's liability to meet these charges. The manufacturer, for example, of salt on an uneconomic basis might turn out very little salt, and at the same time it might require a very considerable preventive establishment; or he might run his factories in such a careless manner that special precautions might be necessary. Therefore, it was decided in 1889, when the original Bill was passed, that the liability of Government should be limited to 5 per cent. of the salt revenue collected at the factory in the previous year. This limit was all right so long as the duty was Rs. 2-8-0 per maund and the cost of preventive establishment was small, but the duty is now Rs. 1-4-0 per maund and the pay and allowances of the preventive establishments have increased very considerably since the War, with the result that this 5 per cent. no longer represents a proper proportion of the charge, and with the result also that a number of factories in Madras have been obliged to pay the excess over 5 per cent. Some of them, I understand, are liable to extinction if this percentage continues. It is, therefore, proposed, in order to avoid frequent amendments in the Act, that the Central Board of Revenue should be given the power to prescribe the percentage which would represent the proper charge which Government should bear.

Sir, I move that the Bill be taken into consideration.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, it is somewhat difficult for me to accord my support to any measure which leaves taxation to the Executive. This Bill proposes that the Central Board of Revenue is to fix the limits of this new cess. It is some time since the duty on salt was reduced to Rs. 1-4-0 per maund, and I wish that my friend who moved for the consideration of the Bill had given us some facts to show what deficit he found in the difference between the 5 per cent. duty and the actual extra establishment charges in this period. The Statement of Objects and Reasons is laconic, and the speech which the Honourable Member made is more laconic; and it is a large order to ask this House to entrust the Central Board of Revenue with the power of fixing the maximum limit of this percentage of duty. It must be remembered that any fee which the licensee pays will ultimately fall on the consumer, and it will have the effect of putting up the retail prices of salt. The endeavour of the Legislature has been to press upon the Government the desirability of reducing the duty on salt so as to make it cheaper to the consumer, and I am not sure that even the Rs. 1-4-0 per maund duty is not felt to be heavy, and I am sure that the public is in favour of a further reduction of duty on salt. In these circumstances, unless we have more facts and figures, unless it is imperatively necessary to have an additional cess imposed upon the licensees, and unless we are

satisfied that the deficit is so large that the Government cannot meet it, it is somewhat difficult for me to accede to this Bill. It seems to be a very difficult measure to agree to immediately, and I now find that my friend proposes to also move that the Bill be passed. I wish to know whether it was circulated for opinion to Local Governments or to any persons interested in the administration of the Salt Department, and what opinions were received from the various Local Governments. I would also appeal to my friend to see whether he could not put off the final motion for passing the Bill for some time or agree to a small Committee to consider the desirability of this measure. In essence and principle it is vicious, because it entrusts the power of imposing the cess to the Executive, secondly, because we have not got the necessary facts to show that the deficit is so large that the Government cannot manage to meet the charge, and, thirdly, because its indirect effect will be to put up the price of salt. For these reasons, Sir, I am unable to accord my support to this motion.

THE HONOURABLE MR. A. F. L. BRAYNE: I am not sure, Sir, that the Honourable Mr. Pantulu has quite understood the purpose of this Bill. I have already stated that Government accept liability for all charges on preventive establishment, except in the most exceptional circumstances. The proposal to refer the Bill to Select Committee would only lead to considerable further delay. Do I understand the Honourable Mr. Pantulu to suggest that the relief which Government propose to give to the manufacturers of salt in Madras should be postponed? This charge is now being imposed entirely against the intention of the Government. There is no question of any increase in the cost of preventive establishment.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill further to amend the Madras Salt Act, 1889, for a certain purpose, be taken into consideration"

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. F. L. BRAYNE: Sir, I move that the Bill be passed.

The motion was adopted.

The Council then adjourned till Eleven of the Clock on Monday, the 14th February, 1927.

COUNCIL OF STATE.

Monday, 14th February, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

NON-ISSUE OF THROUGH TICKETS TO INTERMEDIATE CLASS PASSENGERS FROM MADRAS TO DELHI.

58. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: (a) Is it a fact that no through tickets are issued to passengers travelling in the Intermediate class from Madras to Delhi *via* Bombay?

(b) If so, will the Government kindly state the reason for this difference from the practice in respect of first, second and third class passengers?

THE HONOURABLE MR. G. L. CORBETT: (a) and (b). The information asked for is not available, but steps are being taken to obtain it and, on receipt, it will be communicated to the Honourable Member.

THE TELlichERRY-WYNAD-COORG RAILWAY.

59. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: (a) Will the Government be pleased to state when the Tellicherry-Wynad-Coorg Railway line was surveyed and when the estimates for the same were prepared?

(b) Has the construction work for the above line been undertaken yet, and, if not, what causes the delay?

(c) Will the Government kindly state when the construction work is likely to commence?

THE HONOURABLE MR. G. L. CORBETT: (a) 1924.

(b) The construction has not yet been undertaken as the financial prospects were not favourable.

(c) A resurvey of the line from Tellicherry is now being made with an extension to Makut. The construction of this portion will depend on the result of the survey.

RECRUITMENT OF HIGH COURT JUDGES FROM MEMBERS OF THE PROVINCIAL JUDICIAL SERVICE.

60. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Is it a fact that one or more High Court Judges are recruited from the members of the Provincial Judicial Service in all provinces, except Bengal, Burma and Bihar and Orissa?

THE HONOURABLE MR. H. G. HAIG: The High Courts at Allahabad, Lahore and Rangoon at present include Judges promoted from the Provincial Judicial Service. The High Courts at Calcutta, Madras, Bombay and Patna do not.

3. G. I. P. Railway.

Class.	Fares in force.			
	Prior to 1st April, 1925.		1st April, 1926.	
	Distance.	Rate per mile.	Distance.	Rate per mile.
I.	1—300 plus 301 and over.	24 pies. 18 "	} All distances .	18 pies.
II.	1—300 plus 301 and over.	12 " 9 "		9 "
Inter—Mail	1—300 plus 301 and over.	7½ " 6 "	} No change	...
Express	As above.	As above.		6 pies.
III.—Mail	1—300 plus 301 and over.	5 pies. 4½ "	} No change	...
Ordinary	1—300 plus 301 and over.	4 " 3½ "	1—150 plus 151—300 plus 301 and over.	4 pies.. 3½ " 3 "

4. N. W. Railway.

Class.	Fares in force.					
	Prior to 1st April, 1925.		From 1st April, 1926.		1st February, 1927.	
	Distance.	Rate per mile.	Distance.	Rate per mile.	Distance.	Rate per mile.
I	1—300 plus 301 and over.	24 pies. 18 " 12 "	} All distances. Do.	18 pies	1—300 plus 301 and over	18 pies. 12 " 9 "
II	1—300 plus 301 and over.	9 " 5 "		9 " 5 "	1—300 plus 301 and over.	6 " ...
Inter	All distances	5 "	1—50 plus 51 and over.	4½ " 3½ "	} No change	...
III	Do.	3½	1—50 plus 51 and over.	3 " 2 "		1—50 plus 51—300 plus 301 and over.	3½ pies.. 3 " 2 "

STANDING ADVISORY COMMITTEE, COMMERCE DEPARTMENT.

69. THE HONOURABLE MR. MANMOHANDAS RAMJI: (i) Will the Government be pleased to state, with regard to their reply to my question No. 86, dated the 24th August, 1926—

- (a) whether they have received the consent of any Members to serve on the Standing Advisory Committee to the Department of Commerce;
- (b) who were the gentlemen asked to join this Advisory Committee;
- (c) has such a Standing Advisory Committee to the Commerce Department been formed yet or not; and
- (d) if it has been formed, of how many members does it consist and what are the names of its members?

(ii) Do the Government propose to take advantage of this Standing Advisory Committee, if it has been formed, or not?

THE HONOURABLE MR. G. L. CORBETT: (i) (a) Yes, but the last reply was received only two days before the end of the concluding Session of the last Legislative Assembly, which was then dissolved.

(b) The Honourable Sir Arthur Froom.

The Honourable Sir Phiroze C. Sethna.

Sir Walter Willson.

M. R. Ry. Diwan Bahadur Mocherla Ramachandrarao Pantulu Garu.

Shaikh Mushir Hosain Kidwai.

(c) No. With the dissolution of the last Legislative Assembly the panel for the Standing Committee elected by it automatically ceased to exist.

(d) Does not arise.

(ii) Does not arise.

RESOLUTION RE APPOINTMENT OF HIGH COURT VAKILS AS PERMANENT CHIEF JUSTICES OF HIGH COURTS.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, I beg to move the following Resolution:

"This Council recommends to the Governor General in Council to advise His Majesty's Government to take early steps to amend the Government of India Act so as to permit the appointment of High Court vakils as permanent Chief Justices of the High Courts of Judicature in India."

The Resolution aims at securing the removal of a serious disability which is *supposed* to be imposed upon vakils by the Government of India Act. By vakils I mean non-barrister legal practitioners, by whatsoever name they are locally known—advocates, pleaders or vakils. The disability is this: While vakils can be appointed as permanent puisne Judges of the High Courts they cannot, under the Statute, it is supposed, be appointed as permanent Chief Justices. This disability arises from the construction of an

Government propose to take to make India self-supporting, in the matter of salt supply, as recommended by the Taxation Enquiry Committee in paragraph 179 of their Report?

(b) Will the Honourable Member in charge be pleased to state whether the Government intend to grant any advantage to the local salt manufacturers (of India)?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) and (b). The Government have not arrived at any decision. An officer has been placed on special duty under the Central Board of Revenue to investigate this and connected questions.

REDUCTION IN PASSENGER FARES ON STATE RAILWAYS

68. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will the Honourable Member in charge of the Railway Department be pleased to state whether the reduction of passengers' fares is proportionately the same in the case of the different classes on the State Railways; and, if so, will the Honourable Member be pleased to lay on the table a statement showing such reduction?

THE HONOURABLE MR. G. L. CORBETT: I lay on the table a statement showing the reduction in passenger fares on the four State-managed Railways since 1st April, 1925, with the fares in force on these Railways prior to that date. I hope this will give the Honourable Member the information he requires.

Statement of changes in passenger fares over the following State-worked Railways.

1. East Indian Railway.

Class.	Fares in force.			
	Prior to 1st April, 1925.		1st February, 1927.	
	Distance.	Rate per mile.	Distance.	Rate per mile.
I	1—300 plus 301 and over.	24 pies. 18 "	1—100 plus 101—300 plus 301 and over.	24 pies. 18 " 12 " 12 "
II	1—300 plus 301 and over.	12 " 9 "	1—100 plus 101—300 plus 301 and over.	12 " 9 " 6 "
Inter— (E. I. R. Section)—			From 1st January, 1926.	
Mail	1—300 plus 301 and over.	7 " 5 "	1—300 plus 301 and over.	7 " 3½ "
Ordinary	All distances.	5 "	1—300 plus 301 and over.	5 " 3½ "
E. R. Section— Mail and ordinary .	Ditto.	5½ "	As on the E. I. section.	

1. East Indian Railway—contd.

Class.	Fares in force.					
	Prior to 1st April, 1925.		1st January, 1926.		1st February, 1927.	
	Distance.	Rate per mile.	Distance.	Rate per mile.	Distance.	Rate per mile.
III. E. I. R. Section—						
Mail	1—300 <i>plus</i> 301 & over.	5 pies. 4½ "	1—300 <i>plus</i> 301—600 <i>plus</i> 601 & over.	5 pies. 3½ " 3 " 3½ "	1—50 <i>plus</i> 51—300 <i>plus</i> 301 & over.	5 pies. 4 " 2½ "
Ordinary	All distances.	3½ "	1—300 <i>plus</i> 301 & over	3½ " 2½ "	1—50 <i>plus</i> 51—300 <i>plus</i> 301 & over.	3½ " 3 " 2 "
O. & R. Section—						
Mail and Ordinary.	Do.	3½ "	As on the E. I. Ry. section.		As on the E. I. Ry. section.	

2. E. B. Railway.

Class.	Fares in force.		Remarks.
	Prior to 1st April, 1925.		
	Distance.	Rate per mile.	
I.	1—150 <i>plus</i> 151 and over.	30 pies. 20 „	No change.
II.	1—150 <i>plus</i> 151 and over.	15 „ 10 „	
Inter	1—150 <i>plus</i> 151 and over.	6 „ 4½ „	
III.—Mail	1—150 <i>plus</i> 151 and over.	5 „ 4 „	
Ordinary	All distances.	3½ „	

3. G. I. P. Railway.

Class.	Fares in force.			
	Prior to 1st April, 1925.		1st April, 1926.	
	Distance.	Rate per mile.	Distance.	Rate per mile.
I.	1—300 <i>plus</i> 301 and over.	24 pies. 18 "	} All distances .	18 pies.
II.	1—300 <i>plus</i> 301 and over.	12 " 9 "		9 "
Inter—Mail	1—300 <i>plus</i> 301 and over.	7½ " 6 "	} No change	...
Express	As above.	As above.		6 pies.
III.—Mail	1—300 <i>plus</i> 301 and over.	5 pies. 4½ "	} No change	...
Ordinary	1—300 <i>plus</i> 301 and over.	4 " 3½ "		4 pies. 3½ " 3 "

4. N. W. Railway.

Class.	Fares in force.					
	Prior to 1st April, 1925.		From 1st April, 1926.		1st February, 1927.	
	Distance.	Rate per mile.	Distance.	Rate per mile.	Distance.	Rate per mile.
I	1—300 <i>plus</i> 301 and over.	24 pies. 18 "	} All distances.	18 pies	1—300 <i>plus</i> 301 and over.	18 pies. 12 "
II	1—300 <i>plus</i> 301 and over.	12 " 9 "		9 "	1—300 <i>plus</i> 301 and over.	9 " 6 "
Inter	All distances	5 "	1—50 <i>plus</i> 51 and over.	5 " 4½ "	} No change	...
III	Do.	3½	1—50 <i>plus</i> 51 and over.	3½ " 3 "		3½ pies. 3 " 2 "

STANDING ADVISORY COMMITTEE, COMMERCE DEPARTMENT.

69. THE HONOURABLE MR. MANMOHANDAS RAMJI: (i) Will the Government be pleased to state, with regard to their reply to my question No. 86, dated the 24th August, 1926—

- (a) whether they have received the consent of any Members to serve on the Standing Advisory Committee to the Department of Commerce;
- (b) who were the gentlemen asked to join this Advisory Committee;
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(ii) Do the Government propose to take advantage of this Standing Advisory Committee, if it has been formed, or not?

THE HONOURABLE MR. G. L. CORBETT: (i) (a) Yes, but the last reply was received only two days before the end of the concluding Session of the last Legislative Assembly, which was then dissolved,

(b) The Honourable Sir Arthur Froom.

The Honourable Sir Phiroze C. Sethna.

Sir Walter Willson.

M. R. Ry. Diwan Bahadur Mocherla Ramachandrarao Pantulu Garu.

Shaikh Mushir Hosain Kidwai.

(c) No. With the dissolution of the last Legislative Assembly the panel for the Standing Committee elected by it automatically ceased to exist.

(d) Does not arise.

(ii) Does not arise.

RESOLUTION RE APPOINTMENT OF HIGH COURT VAKILS AS PERMANENT CHIEF JUSTICES OF HIGH COURTS.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, I beg to move the following Resolution:

"This Council recommends to the Governor General in Council to advise His Majesty's Government to take early steps to amend the Government of India Act so as to permit the appointment of High Court vakils as permanent Chief Justices of the High Courts of Judicature in India."

The Resolution aims at securing the removal of a serious disability which is supposed to be imposed upon vakils by the Government of India Act. By vakils I mean non-barrister legal practitioners, by whatsoever name they are locally known—advocates, pleaders or vakils. The disability is this: While vakils can be appointed as permanent puisne Judges of the High Courts they cannot, under the Statute, it is supposed, be appointed as permanent Chief Justices. This disability arises from the construction of an

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ambiguously worded section of the Government of India Act. I shall refer to the relevant portions of that section. Section 101 says:

"Each High Court shall consist of a Chief Justice and as many other Judges as His Majesty may think fit to appoint: Provided also that the Governor General in Council may appoint persons to act as additional Judges of any High Court for such period not exceeding two years as may be required."

Then sub-section (3) of section 101 proceeds to lay down the qualifications of a High Court Judge and says that a High Court Judge must belong to one of four classes of persons possessing a certain standard: barristers of England and Ireland and Scotch Advocates, members of the Indian Civil Service, members of the Subordinate Judiciary not below the rank of a Subordinate Judge, and, lastly, High Court pleaders. Having laid down these qualifications, the section contains a proviso which is the cause of the whole trouble. The proviso runs thus:

"Provided that not less than one-third of the Judges *including the Chief Justice*, but excluding the additional Judges, must be barristers or advocates aforesaid, and not less than one-third must be members of the Indian Civil Service."

The particular words that give rise to the difficulty are the words "including the Chief Justice". There is a divergence of legal opinion on the interpretation of these words. One view is that the words "including the Chief Justice" like the words "excluding the Additional Judges" are intended for the purpose of computing the total strength of the High Court out of which the proportion of one-third of the barrister Judges is to be worked out. I shall clear the position by an illustration. If a High Court consists of 12 puisne Judges and one Chief Justice, 4 barrister Judges would satisfy the requirements of the section if the number is to be computed out of the total number of Judges only without including the Chief Justice; but if the Chief Justice is included, the total number being 13, 4 will be less than one-third; therefore, the proviso is not satisfied until you have at least 5 barrister Judges. Therefore, the view is that the words "including the Chief Justice" are merely put in the proviso for the purpose of computing the total strength, or, in other words, the proviso does not lay down any qualifications for a Chief Justice. The other view is that the proportion of one-third barrister Judges out of such a total strength should also include the Chief Justice. The Chief Justice must be a barrister judge and must be from among the one-third proportion. That is the other view. There is something to be said in favour of both these views. The plain grammatical construction of the section favours the former view, while the historic retrospect and the existing practice favour the latter view. I do not propose to trouble this House with an examination of the provisions of the regulating Act of 1773 under which the Supreme Court of Bengal at Fort William was established, or the Act of 1800 under which the Madras Supreme Court was established, or the High Courts Act of 1861 or the Letters Patent or any other enactments which are *in pari materia* and which might throw some light upon the construction of this obscure proviso. I am content to take settled facts as they are.

It is now, Sir, an open secret that the matter came to a head and the construction of this proviso was before the Government of India and of the Secretary of State when it was proposed to appoint the late Mr. K. Srinivasa Aiyangar as Chief Justice of the Madras High Court. We are credibly informed that the matter was referred to the legal advisers of

the Crown in England and that they opined that, although the wording of the section might possibly allow the contention of the Indian lawyers, they on the whole advised His Majesty's Government not to depart from the existing practice. The fear was entertained that an appointment in contravention of the existing usage might perhaps well be tested before the Judicial Committee, and that if that tribunal endorsed the view that the appointment made contrary to the existing usage was unlawful, then the judgments pronounced by the High Court might become invalid and the consequence might be a great deal of confusion. So the advice was that no departure should be made until a rule free from doubt was enacted. The Indian lawyers also made some inquiry as to why the section was not amended in 1919 when the Government of India Act had undergone numerous and extensive modifications. The inquiries, Sir, disclosed a very interesting fact. We are told that Mr. Montagu was led into the belief by his legal advisers in India that vakils were as much eligible as barristers for the office of Chief Justice, and that he would have sought an amendment if this legal doubt was present in his mind.

However, whatever might be the origin of the section and of the discrimination embodied in it, it is absolutely uncontestable in my view that in the year of grace 1927 the provision is not only an anomaly, but a barbarous anachronism on the Statute-book. The objections to pleaders enjoying the same rights, privileges and status as barristers are no longer tenable. The Law Membership of the Government of India is now thrown open to vakils, and a recent Bill introduced into Parliament with a view to add two persons with Indian experience to the Judicial Committee throws open the doors of the Privy Council to vakils, and the last vestiges of the class preserves of barristers have practically disappeared with the enactment of the Bar Councils Act. What, then, may I know, is the justification for the antediluvian relic which is found enshrined in the Government of India Act? In the name of this Statute, Sir, a great deal of injustice was done in the past to distinguished Indian jurists. Men of the high legal eminence of Dr. Subramania Iyer of Madras and Sir Ashutosh Mukherjee of Calcutta and others were kept out of their legitimate places on the bench as permanent Chief Justices, which places they would have filled with great distinction and benefit to India. These are only instances. The case of Justice Shah of Bombay is another instance. How long is this manifest injustice to be perpetuated? But while I am glad to learn that the Government of India are not at present in a mood to oppose this reform, I gather that they are in no mood to move quickly in the matter. This impression I have derived from an answer given by the Honourable the Home Member to an interpellation put by Diwan Bahadur Rangachariar in another place. Sir Alexander Muddiman said that the Government of India had already addressed the Secretary of State on the subject. In reply to a further query by Diwan Bahadur Rangachariar as to the cause of delay by the Secretary of State, the Honourable the Home Member gave two reasons, both of which, to my mind, are not only unconvincing, but patently unsympathetic. The one reason he gave was that the Secretary of State could not be expected to go to Parliament with a Bill for every minor amendment, and that the matter must accumulate before action could be taken. But I might remind the Honourable the Home Member that instances were not wanting when the Secretary of State rushed to Parliament, at the instance of the Government of India, when the interests of the heaven-born service had to be served by small

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amendments, be it leave rules of their allowances or other things concerning them. But perhaps in the eye of the Home Member the Indian's right to the Chief Justiceship is insignificant compared with the leave rules of the members of his own Service. It is difficult to predict how long it would take for the sins of omission and commission of the Government of India Act to accumulate before the Secretary of State will be justified to go to Parliament to purge them.

The second reason, Sir, which the Home Member gave is a misreading of the situation and also an insult to the intelligence and the corporate spirit of the vakils. The Home Member said that the Government of India were not aware of any widespread discontent or agitation, and that all that he knew was that persons who were immediately affected by the disability clause were anxious to have it removed. The implication is that the vakils as a class did not agitate for it, but only persons, between whom and the Chief Justiceship the rule stood, were clamouring for its removal. That is not a correct statement. I am prepared to furnish the Home Member with heaps of references to prove that the question has been mooted almost ever since the Charter Act was enacted. Legal opinion as well as general public opinion was against the provisions of the Act, because the form of recruitment prescribed by the Act interfered with the efficiency of the Bench. The Indian High Courts, as we all know, are composed of heterogenous groups of men of all talents, European barristers, Indian barristers, Indian civil servants, members of the subordinate judiciary, pleaders of the High Court, and so on. And it is difficult to say that exceptional talent or special qualifications are to be found only among any one particular class of these men. What I know is, that there are brilliant men in the subordinate service who rose from the rank of a munsiff, men like Sir T. Sadasiva Iyer, who eclipsed their barrister colleagues, their Civilian colleagues and their vakil colleagues. There are Civilians of the type of the late Sir Leslie Miller, who was a Member of this House, who eclipsed his barrister colleagues and his vakil colleagues on the Bench. Therefore, it is wrong to ask those who are responsible for recruiting Judges of the High Court to select the best men from only one particular class. Whenever a junior barrister Judge was promoted over the heads of his more capable Civilian and vakil colleagues in order to satisfy the requirements of the Statute, there was a great deal of clamour and loud complaint. Perhaps the complaints did not reach the ears of the Home Member. But I would tell him that any such procedure is likely to give rise to a great deal of discontent among the ranks of the judiciary, and discontent among the ranks of the judiciary is really a serious matter. I cannot put the effect of such discontent more effectively than by citing the words of Lord Brougham in this connection. He said, if there was disappointment, the result would be this:

"The hopes of it, the struggle for it, the chagrin at not receiving it, all interfere with the perfect calmness, the entire abstraction from court intrigue, the complete independence of all party connection, the exclusive devotion to judicial duties, which ought to characterise the great functionaries of justice, the oracles of law."

Therefore, a discontented judiciary, created by the promotion over the heads of competent men, of men of second and third-rate ability, will not tend to the satisfactory administration of justice in this country. In my

own province, the Madras Vakils' Association has, to my personal knowledge, been agitating for the repeal or modification of this portion of section 101 for the last 15 years. And recently they have passed a very strong resolution, pointing out the iniquity of the rule about the proportions of barristers and civilians in that section and asking for the modification of that section.

Finally, Sir, I would point out that the desire to secure a wide field of choice for the Chief Justiceship of the High Court is not based on any considerations of prestige or sentiment or material benefit of the vakil class. It is due to the desire to secure a rightful place to High Courts in the Indian Constitution. Indians, in their struggle for national freedom, are anxious to strengthen the High Courts so as to enable them to function as the repositories of the people's rights and the upholders of the subject's liberty. The Chief Justice of a High Court is mainly responsible for the dignity, the prestige, and the independence of the High Court. He combines in himself high judicial functions with important administrative functions. Therefore, we have a right to expect that the best men should occupy that place. In the first place, we associate with him the qualifications of the type of Judges who are "consummate and scholarly masters of the Science of Jurisprudence or are practical Judges with a masterful gift for the wise and expeditious despatch of judicial business." But we expect more than this from him. We desire to associate with him another great gift. It is the gift of "men who regard law as an instrument for the protection of the liberty of the subject, the maintenance of public order, or the promotion of social welfare rather than a technical art and who exhibit exceptional talent in directing the narrow English rules of law so as to achieve those ends." It is an unreasonable rule which asks India to find the highest types of Judges to control its judicial system only among European barristers. India will always welcome European barristers with high traditions and legal learning whenever they are appointed as Chief Justices in India. But our experience of barrister Judges and practising barristers in India, with a few notable exceptions, has been too unfavourable to induce us to accept them as Chief Justices of the High Courts. They have sadly been found wanting in the essential qualities which go to make a good Chief Justice. We really want men who will maintain high judicial traditions and administer law in the most progressive and civilised manner and try to attain the ideals of Judges like Lord Shaw and Lord Scrutton. Lord Morley, in a memorable Minute, very correctly pointed out that the appointment of Judges in India had to be very carefully done, and he warned the Government both at home and in India from importing party politics or any considerations other than efficiency and merit into these appointments. The ideals laid down by Lord Morley, I maintain, are unattainable unless you throw open the field wide; and to insist, at this time of day, on Chief Justices being only European barristers is an anachronism for which there is no justification either in principle or in expediency. With these words, Sir, I commend this Resolution to this House.

THE HONOURABLE MR. H. G. HAIG (Home Secretary): Sir, I do not propose to detain the House long this morning, for I am happy to find myself in a position to agree with, at any rate, most of the contentions of my Honourable friend opposite. The Honourable Mover explained clearly the provisions of the Government of India Act out of which this

[Mr. H. G. Haig.]

particular problem has arisen. He explained the ambiguity of the proviso and showed that it might be interpreted in two different ways. As he says, the construction which is placed upon this proviso is adverse to the claims of vakils to appointment as permanent Chief Justices. The section is interpreted as meaning that such appointments must be confined to barristers. Whatever may have been the original intention of the section, Sir, the Government of India are in entire agreement with my Honourable friend that it is not reasonable to differentiate against vakils in this manner, and they have already addressed the Secretary of State in the sense recommended. The Secretary of State, Sir, is prepared to give favourable consideration to that recommendation, but there is one caution which I must make. The proposal involves an amendment of the Government of India Act, and it is clear that the Secretary of State cannot commit himself to any date for this. The exigencies of Parliamentary business at Home preclude any such commitment. It is not, Sir, that the Government of India or the Secretary of State are not in a mood to move quickly in this business, but the demands on Parliamentary time cannot be regulated by the requirements of the Government of India. I think, Sir, I have made it clear that the Government of India have substantially complied with the recommendation which is contained in my Honourable friend's Resolution, and I trust that he may in view of this statement, see his way to withdraw it.

THE HONOURABLE MR. V. RAMADAS PANTULU: Sir, in view of what the Honourable Mr. Haig has said it appears to me that the Government of India have actually done what my Resolution wanted them to do. I quite realise that the Secretary of State for India cannot altogether regulate the course of legislation in Parliament. All that I have asked for here is for the Government of India to take early steps so that the Secretary of State also may take early steps in Parliament, and the steps have, I understand, been already taken so far as the Government of India are concerned. Therefore, I do not see any need to press my Resolution to a division now. Therefore, Sir, with the leave of the House I beg to withdraw my Resolution.

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* TRANSFER OF THE POONA DISTRICT HEAD- QUARTERS FROM POONA TO SECUNDERABAD.

THE HONOURABLE SIR HAROON JAFFER (Bombay Presidency: Muhammadan): Sir, I beg to move the following Resolution:

"This Council recommends to the Governor General in Council that the orders for the transfer of the Poona District Headquarters from Poona to Secunderabad should be immediately cancelled."

In moving this Resolution I wish to make it clear at the outset that I have absolutely no intention of interfering with any military strategy, and so I trust I shall not be misunderstood when I say that so far no adequate arguments have been adduced in support of the proposed move of the District Headquarters from Poona to Secunderabad. As soon as the move was mooted, the citizens and public bodies of Poona expressed their disapproval of the change and many meetings of protest have been held in an endeavour to persuade the Army Department to reconsider their decision. The All-India Cantonment Conference held at Ambala

last year passed a Resolution against this transfer, but all in vain. Without giving any definite reasons, the fiat has gone forth that henceforth the headquarters of the important Poona District shall be Secunderabad. What is good enough for the Government of Bombay and for the Southern Command is not good enough for the Poona District Headquarters. Despite the fact that there is a probability that before many years are past Poona will be the permanent seat of the Bombay Government, there is being conducted a move at considerable cost, which will take away from a central place an important command and plant it down in an inaccessible location which is anything but central for the rest of the command. In other words, the change, as I hope to show, cannot be supported on grounds of history, geography, economy, necessity, or fairness.

Let me deal with these things in that order. Poona, has for more than a century been the military capital of the Deccan since the foundation of the British Government, and as such there has been built up a large Cantonment, thanks to the enterprise of a number of landholders who have never hesitated to erect houses for the residence of officers who have all too often obtained those houses at very cheap rents. But if the Poona District Command is removed to Secunderabad, there will be a corresponding decrease in the number of officers resident in the station, which will naturally cause considerable loss to the landlords. There is, as far as we can see, no urgent need or reason for this sudden decision to make the change, as no situation has arisen which makes Poona less historically important than it ever has been.

This brings me to my second point, namely, that of the geographical side of the question. If we carefully study a map of the Poona district, we see that the most central point is undoubtedly Poona, and not Secunderabad, not counting the very easy access of Poona to Bombay. Poona was originally selected as the seat of Headquarters because of that very accessibility, and while it is admitted that the General Officer Commanding must be called occasionally to Secunderabad, the geographical advantages of Poona certainly rule out of court any real necessity for removing the whole district Command to such a distant place.

Passing on to the grounds of economy, we have another very strong argument. It is admitted by the Army Department that the move would have been made before this had there been bungalows available at Secunderabad. But as there are not sufficient bungalows, even though it is supposed to be a large Cantonment, the order has just gone forth for the expenditure of a large sum of money on the erection of new bungalows and, I presume, a headquarters office and other necessary buildings. Now this is an unwarranted waste of money, especially as these buildings are now available in Poona and have been thus used for many years. To leave bungalows empty in Poona and erect new ones at Secunderabad in such times of financial stress as these could hardly be countenanced even if the other arguments in favour of a move were acceptable to this Honourable House, but with such a weight of evidence against the propriety or necessity of such a change, the expenditure of the extra money most certainly cannot be tolerated.

. When it comes to a point of necessity, it is, I admit, difficult for a layman to say much, especially as so little has been said by the Army Department on the reasons governing the move. But, we citizens of

[Sir Haroon Jaffer.]

Poona are at liberty to assume from the absence of any definite explanation of the reasons for the move that these reasons are by no means strong. And if Poona is suitable in every other way for the location of the headquarters of the whole Southern Command, there seems no valid argument why the Poona District Command should be moved. But even suppose some slight advantage might accrue to the authorities from such a move, we might well ask: Will the saving, if any, thus made in the General's travelling expenses come anywhere near the great expense of establishing the headquarters in Secunderabad? And will not the General located at Secunderabad have to come to Poona very frequently to inspect and discuss things, with the Southern Command? At such a time as this, I would emphasise that any additional expense such as that now under consideration should not be undertaken except for the gravest reasons of urgency and necessity. And it will take a long time to convince us that such reasons have suddenly sprung up. And if they have sprung up, then it is the duty of the authorities to inform us of them. Sir, lakhs of rupees were spent in establishing the headquarters in Poona, and now the spending of further lakhs is contemplated, with the consequent waste of the existing buildings.

I trust I have made myself clear as to why I am opposing this move. Landlords, shopkeepers and merchants at Poona all fear considerable loss at a time when trade depression is just beginning to pick up, and all are wondering why the military importance of the Poona Cantonment should so suddenly have decreased. The City and Suburban Municipalities and the Cantonment Board will also feel the loss in the matter of octroi, and hence it is not surprising that the very largely-attended public meetings have vigorously voiced their disapproval of the scheme as being unnecessary, unwarranted and inadmissible on every ground.

I therefore trust that the Government will announce in their reply to this Resolution that they accept it, and will give immediate orders for all plans for the removal to be cancelled.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, I listened with interest and attention to the speech made by my Honourable friend, Sir Haroon Jaffer, because I hoped that he would have been able to tell us in moving his Resolution that he was actuated by the public interests, interests on behalf of the whole of India, the interests of the Army in India or the interests and the welfare of the Indian soldier, and perhaps even the interests of the Bombay Presidency. I have been unable to ascertain from his speech anything, except that he has been carried away by his zeal for the interests of the landlords of Poona. I need hardly say that the Government of India are very glad always to hear of the welfare of my Honourable friend and his brother landlords in Poona; but we cannot think that those interests are paramount and that the interests of the Army should be subordinated to them. In deciding upon the location of troops in this country and their general distribution, the Government of India have to be guided by very much wider interests than those of the Poona landlords. Roughly, what influences us in such matters is the strategical and tactical situation from time to time, and as regards the location of troops, as to how they can best be organised, administered and trained. It was after taking into consideration all

those factors that we recently decided upon a certain amount of reorganization and redistribution among the troops in Central and Southern India, which reorganisation has included the transfer of the headquarters of the present Poona Division to Secunderabad. My Honourable friend in moving his Resolution has made no mention of the fact that, though the divisional headquarters will be moved from Poona, yet Poona will still retain the headquarters of the Southern Army. I think possibly Honourable Members of this House, after hearing his speech, might have come to the conclusion that Poona will be left naked as regards senior soldiers. That is very far from being the case; for as I was saying, it will still remain the headquarters of the Southern Army with all its officers, and on the Poona Division removing its headquarters to Secunderabad, it will be replaced by a brigade command with its staff officers. I agree that there will not be as many officers in Poona coming with the brigade as those who will leave with the division; but as I have also said, we cannot in that matter regard purely the interests of the Poona landholders. As regards the expenditure point of view, I can assure my Honourable friend that he need spend no sleepless nights regarding that because I have always found the Finance Department extremely capable of looking after its interests in this respect. It is true there is a certain amount of initial expenditure involved in this transfer; but the eventual recurring saving will come to something like 14 per cent. on the capital sum invested. As a business proposition I am sure my Honourable friend will agree that that is not too bad.

I think, Sir, I need produce no further arguments beyond what I have said, and I am sure the House will agree that we must first of all consider the factors which I have mentioned as guiding us in the distribution of our troops. I therefore am not prepared to accept the Resolution moved.

THE HONOURABLE SIR HAROON JAFFER: Sir, I am not at all convinced by the reply which His Excellency has just given. The brigade which is coming to Poona with three officers will not be equal to the 25 officers going out with the district command. I am really sorry that my Resolution has not been accepted by Government, and I leave it to the House to decide whether the Government are justified in not accepting it.

THE HONOURABLE THE PRESIDENT: The question is:

“That the following Resolution be adopted:

‘This Council recommends to the Governor General in Council that the orders for the transfer of the Poona District Headquarters from Poona to Secunderabad should be immediately cancelled.’”

The motion was negatived.

RESOLUTION *RE* REDUCTION OF POSTAL RATES.

THE HONOURABLE SETH GOVIND DAS (Central Provinces: General): Sir, I rise to move the Resolution which stands in my name. It reads thus:

“This Council recommends to the Governor General in Council to take immediate steps to reduce postal rates on letters and postcards to 6 pies and 3 pies, respectively.”

Here, Sir, I have again brought a Resolution which according to the calculations of the Government would cost them about, I think, 2½

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crores of rupees; and according to a remark of my Honourable friend Mr. Ley last year it is what is called a hardy annual.

Well, Sir, in the very beginning, when I came to this House from the other place, in my maiden speech I made it clear that my views may be considered by the Honourable Members of this House of a rather extreme nature, but I cannot help that; what I feel to be right in my mind it is my duty to put forward.

The other day when I moved my Resolution on the reduction of third class fares, the Honourable the Commerce Member did not accept it because he said that would cost the Government about 11 crores of rupees. I am sure, Sir, that in reply to this Resolution also my Honourable friend Mr. McWatters will come forward with the same plea and would ask me to find $2\frac{1}{2}$ crores for this deficit. I would again say, as I said the other day, that the preparation of the Budget has not been entrusted to us. If this task had been entrusted to us, Sir, I am sure that in the other place my friend Sir Purshotamdas Thakurdas or in this House any non-official Honourable Member would have found out some way to meet the popular demands and make up the deficit.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): By taxation?

THE HONOURABLE SETH GOVIND DAS: Not by taxation, but by the reduction of civil and military expenditure.

Again, Sir, when the Government want money, they are able to raise crores. They had money for military expenditure to the extent of 87 crores; they have money to give effect to the recommendations of the Lee Commission. Last year, Sir, the Honourable the Commerce Member himself came here to us to provide 37 lakhs for the superior railway services, and we had to grant that money. Even if we had refused I am sure the Honourable the Commerce Member would have gone to His Excellency the Viceroy and got it. But, Sir, when we ask for a reduction in railway fares or postal rates or any such thing, which is calculated to alleviate the miseries of the poor, the Government always come forward with their financial bogey.

Now, Sir, coming to the merits of the question, I may at the very outset mention that this question has been threshed out both in the Assembly and on the floor of this House so many times that there is hardly any new argument left for me to produce. Therefore, Sir, I shall confine myself only to reviewing the arguments of both sides.

It has been repeatedly said that the postal rates in India are the cheapest. They were once the cheapest, no doubt, but to-day, I say, they are the dearest. I would be interrupted, and the Honourable Member in charge would say that in the United Kingdom the people pay an anna for postcards and one and a half annas for envelopes. Apparently this is true, but if we go a little deeply into the question, we will find that Indians pay more. The reason is this. If we consider the income of the people of the United Kingdom, we find that it is twenty times more than the income of the people of this country, and they pay only one anna for postcards and one and a half annas for envelopes. While our income is so low, we have to pay not much less. Similarly, Sir, in the United States of America, we find that they pay the same rates as we do here,

and their income, it is said, is about a hundred times more than ours. So, Sir, if we look at this matter from this point of view, we will see that Indians pay much more than any other people have to pay for postcards and envelopes.

Sir, I may recall here the circumstances under which the postal rates were increased. In 1922 there was a deficit in the Budget of the Government of India to the extent of 33 crores. At that time, Sir, not only were the postal rates increased, but customs duties, the salt tax, and railway fares were also increased. And what is the position to-day? To-day, Sir, there has been a reduction in the customs duties; there has been a reduction in the salt tax, though not to the extent that the people would desire; and there has been also a reduction in railway fares, though not to the extent that I want; but the postal rates remain the same. Again, Sir, in that year, there was a deficit in the postal Budget itself to the extent of 57 lakhs. But what is the position to-day? If we look at only the Postal Department and exclude Telephones and Telegraphs, as we ought to do, we see a surplus in the Postal Budget. In 1922-23 there was a surplus of 35 lakhs; in 1923-24 there was a surplus of 42 lakhs; in 1924-25 there was a surplus of 15 lakhs. When the enhancement in the postal rates was made, the Government thought that there would be an increase in the revenue to the extent of 160 lakhs on account of the enhancement of the rates. But, Sir, in the very first year the increase was only 79 lakhs; and what was the reason for this? The reason was that the people of India could not pay these enhanced rates. Between 1914 and 1915 and 1921 and 1922 the sale of postcards increased from 469 millions to 648 millions,—an increase by about 183 millions. But, Sir, as a result of the enhanced rates, the sale of postcards fell again to 523 millions, that is to say a fall by about 125 millions. Between 1914-15 and 1921-22, the sale of envelopes increased from 427 millions to 581 millions, and then it also fell to 480 millions, a decrease by about 101 millions. And, Sir, it is clear that this decrease was due to the poor economic condition of the people of this country.

Now, Sir, it will be said that the people are getting used to these higher rates and the sale is again increasing. But that is not a fact. If we see the increase during the last four years and compare it with the previous four years, we find the difference. In the last four years the increase in postcards has been only 27 millions, while in the preceding four years it was 84 millions. In envelopes during the last four years the increase has been about 23 millions, while in the preceding four years it was 95 millions. This is the reason why the Government could not get the amount which they thought they would get by the enhanced rates.

Now, Sir, the surplus is diminishing year by year, and the reasons for that too are clear. The first reason is that 19 lakhs of rupees have been spent for the redress of the grievances of the postal servants. I congratulate the Government on this as they have done the right thing in redressing the grievances of a hard working class like the postal employees. Then the Postal Department has to pay 10 lakhs to the Railway Department, which they had not to pay before. The Postal Department people were travelling formerly with free passes as the Military Department people are doing even now. It is very strange, Sir, that while the Railway P

[Seth Govind Das.]

partment is not charging anything to the Military Department for their travelling, they should charge the Postal Department which is really an injustice. Then there is another thing, and that is, that 57 lakhs are being charged as interest on the capital invested in the Postal Department. Now, Sir, we find that this capital is in fact invested from that department itself, and it is not a sound business principle, Sir, that this capital should be charged with interest. In our ordinary banking shops,

12 Noon. we credit the profits of a certain shop to an account which is called in our Hindustani *Vridddhi khata*, and Sir, we do not charge any interest on that. Therefore, Sir, it is not right on the part of the Government also to charge any interest on the capital which is invested in the Postal Department.

Then, Sir, there is another thing to be considered. To-day, in fact, the surplus of the Postal Department is being taken up by the Telegraphs and Telephones and this charge has been accepted by the Government themselves. The other day, my Honourable friend, Dr. Rama Rau, moved a Resolution in this House urging that these two Departments should be separated. The Honourable Mr. McWatters said that they were already separated. But, Sir, I say that they are separated only in name because in fact to-day also the surplus of the Post Offices is making up the deficits in the Telephones and Telegraphs. Many times on the floor of this House and also in the other place, it has been said—and I also repeat that argument—that in fact the necessities of rich people, of commercial people, and their luxuries, are being provided by the poorer classes of this country. In reply to this argument, Sir, the Honourable Sir Bhupendra Nath Mitra said in the other House:

"It is hardly correct to say that the surplus in the postal branch is contributed to by the poor man. As has been pointed out by Sir Geoffrey Clarke several times on the floor of this House, our rural post offices do not pay."

And he went on to say:

"The surplus in the postal branch must therefore be contributed largely by men living in the big cities and urban areas who are the very people interested in the telegraph and connected services."

Well, Sir, this is an astounding statement coming, as it does, from the Honourable Sir Bhupendra Nath Mitra. I am afraid he imagines that in the urban areas there are only rich people. Well, in urban areas too, if he looks at the Census Report, the greater part of the population consist of poorer people. So if the rural post offices do not pay and the urban post offices do, it is also from the pockets of the poor people that the luxuries of the rich are provided.

Even after all these arguments, I am sure the Government will again bring the financial bogey before us. Sir Basil Blackett last year said:

"I know that a return to pre-war rates is keenly desired in many quarters in the House and in the country; nor would the Government desire to oppose such a reduction for a moment if they believed that it was within the range of practical politics. I desire, however, to put the question frankly before the House. There is in my view no probability whatever of a return to pre-war rates for letters and post-cards except at the cost of a heavy and steadily increasing subsidy from the pocket of the tax-payer."

I may point out, Sir, that there is no need of putting a greater burden on the tax-payer. I will give a few suggestions by acting on which I think my Honourable friend will be able to make up the deficit. According to the recommendations of the Inchcape Committee, the total expenditure of the

Department should not exceed more than 8½ crores and to-day, Sir, it is somewhere near 10·17 crores. The Honourable Member in charge of the Department should see whether he cannot make further retrenchment in this respect. As I first pointed out, 57 lakhs of interest should be remitted and no interest should be charged on the capital, and this will also be a means of covering the deficit to a certain extent. Then, Sir, 10 lakhs which are charged by the Railway Department should not be charged as was done hitherto and as they are doing in the case of the Military Department even now. If from all these sources the deficit is not covered, the Honourable Member can increase the rates of parcels, V. P. Ps., money orders, and certain other things which in fact are used mainly by the commercial class—a class which can afford to pay somewhat enhanced rates. But, Sir, as I said in the beginning, it is his business to look to that point and not mine, and I have merely given some suggestions.

In conclusion, I would only point out that for a very long time Government did not consider the Postal Department as purely a business concern. But, Sir, Sir Bhupendra Nath Mitra said in reply to Mr. Neogy last year:

“My friend Mr. Neogy said that years ago we used to spend money on postal communication without caring whether there was an adequate return for it . . . There is a perfectly good explanation for this. In those olden days it was essential to develop communications and the Government of the day placed that need in a higher order of precedence to questions of development of education, sanitation, etc., in the country. But things have now changed. Communications have been established, to a certain extent, at least.”

I say, Sir, that the extent is not sufficient, even now. There are certain places, many many places, I should say, in the rural areas, where the beneficial activities of the Post Office are still unheard of. And, Sir, I think that Government should look to this matter from this point of view and should consider this Department not a business concern but a Department for the public good. We look upon this Department as a national agency, an agency of public utility and public good, though it is a monopoly of the Government. The Government ought to look at the whole thing from this view-point and should even contribute something to this Department from the general revenues. I submit, Sir, they should always have before them the principle of the greatest good of the greatest number.

With these words, Sir, I move my Resolution.

THE HONOURABLE SIR JOHN BELL (Bengal Chamber of Commerce): Sir, in placing his Resolution before the Council my Honourable friend seemed to me to express the opinion that it would be regarded as an extreme one. I think in this my Honourable friend was entirely wrong. Personally, I do not regard it as an extreme one. I think on the contrary that my Honourable friend is to be congratulated on showing sufficient interest in the poorer classes in the country to bring forward such a Resolution. At the same time, I think that he has been unfortunate in the time at which he has brought it forward. I think that is generally understood by Honourable Members of this House that any recommendation made by a House of its standing should be a reasonable recommendation, and in order to be reasonable, it must be justified by facts. Now, the position is that, in order to give effect to my Honourable friend's Resolution, Government would have to forego a very considerable amount of revenue. My Honourable friend has estimated that sum at 2½ crores, but I think that that is probably an under-estimate.

[Sir John Bell.]

In order that such a recommendation might be justified, two facts, it seems to me, would have to be established. In the first place, it would have to be shown that there was a surplus on the Budget which could be applied towards the loss which would be incurred in giving effect to my Honourable friend's recommendation, and, in the second place, it would have to be established that there was no more urgent claim to that surplus, if there was a surplus, than the object which my Honourable friend has in view. Now, at the present time we do not know whether there is any surplus on the Budget and we do not know whether the result of the last year's working of the Post Office has been a profit or a loss. Until we have some information on both these points I think it would be inadvisable to put forward this recommendation. What would be the position of the Council if we made this recommendation and if we found in a few weeks' time that the result of the working of the Post Office for the past year had been a considerable loss or that the Budget showed no surplus whatever? It seems to me that if the recommendation were made now it might have the appearance of being unreasonable and would detract from the value of future recommendations made by this Council to the Governor General in Council. I suggest to my Honourable friend that he should not at this time press his Resolution, but that he should postpone it till an appropriate date later on, when we have both the results of the Post Office working for the past year and the figures of the Budget before us. I think that if my Honourable friend were to adopt my suggestion, he would probably find that his Resolution would receive a greater measure of support from all parts of the House than he seems at the present time to anticipate.

THE HONOURABLE THE PRESIDENT: Does the Honourable Member move that the discussion be adjourned?

THE HONOURABLE SIR JOHN BELL: I do so. I am sorry that I omitted this and I move that the discussion be adjourned till a later date after the budget figures have been presented.

THE HONOURABLE LALA SUKHBIR SINHA (United Provinces Northern: Non-Muhammadan): Sir, I am not in favour of any adjournment, because I think this is only a recommendation to His Excellency the Governor General to consider the question. This matter has been discussed in this House several times. There is a great public demand for a reduction in the rates for postcard and envelopes. When the Honourable the Finance Member draws up his Budget he will be able to know the opinion of this House, if it was carried, how far we are for a reduction and if there is a surplus it will be very easy for him to allot that surplus to the reduction of postal rates. If there is no surplus he will try his best to make some cuts here and there and provide for this reduction if he likes. Therefore, I think that this is the proper and best time for this Council to make this recommendation for a reduction of postal rates. As regards the Resolution itself I think there is a great public demand not only among the poor, but among the rich also and among merchants, so far as I can gather, that these postal rates, are very high and should be reduced. As the Honourable Member has stated, the number of postcards and envelopes has gone down. That shows that the correspondence also has gone down proportionately. As this Department is meant for the use of the public

I think it should be made as cheap as possible and every effort should be made to reduce these rates as much as might be possible. I am for 3-pie postcards and half-anna envelopes as before. Therefore, I strongly support the Resolution. I am not in favour of any adjournment. I request the House to express their opinion on this matter now whether the reduction is required, and whether it is necessary, and desirable or not.

THE HONOURABLE THE PRESIDENT: Before we go any further I think I should tell the House whether I am prepared to put the Honourable Sir John Bell's amendment to the House or not. As Honourable Members are aware the Chair is not obliged to accept and put any motion for the adjournment of a discussion. It is in the discretion of the Chair. In the present case it appears to me that as the discussion is one that can come, and almost inevitably must come again in a few weeks' time in the consideration of the Finance Bill, it is desirable that I should allow the House to express its opinion on the amendment moved by the Honourable Sir John Bell, that is to say, whether the discussion should take place now, or whether it should be adjourned. The question therefore before the House now is:

"That the discussion be adjourned."

THE HONOURABLE MR. A. C. MCWATTERS (Industries and Labour Secretary): Sir, while we on this side of the House are in no way desirous of avoiding a discussion on this very important issue, I think that for the reasons given by the Honourable Sir John Bell we would be more likely to have a fruitful and practical discussion on this question if it were taken up when we have before us not only the figures of the working of the Department in all its branches, but also the financial position of the country, as a whole, as revealed in the Budget. Until we have these before us I think there is a danger of the discussion to-day being on somewhat academic lines. As has been stated by the Chair, this subject must inevitably come up again with the Finance Bill, to which the Postal Schedules are attached, and I think therefore the House would be well advised to support the motion moved by the Honourable Sir John Bell.

THE HONOURABLE THE PRESIDENT: The original question was that the following Resolution be adopted:

"This Council recommends to the Governor General in Council to take immediate steps to reduce postal rates on letters and post-cards to 6 pies and 3 pies respectively."

Since which an amendment has been moved:

"That the discussion on the Resolution be adjourned."

The question I have to put is:

"That the discussion on the Resolution be adjourned."

The motion was adopted.

THE HONOURABLE MR. V. RAMADAS PANTULU: Up to what time is the discussion adjourned?

THE HONOURABLE THE PRESIDENT: The motion was in the vague form that it be adjourned, the understanding of the House being, I gather, that it will inevitably come forward in connection with the Finance Bill in a few weeks' time, not necessarily that the matter will come before the House in the form of this Resolution.

RESOLUTION RE AMENDMENT OF THE INDIAN INCOME-TAX ACT.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, I beg to move the Resolution which stands in my name and which runs as follows:

"This Council recommends to the Governor General in Council to introduce a Bill in the Central Legislature to amend the Indian Income-tax Act by the introduction of (a) provision on the English lines for allowances in respect of wives, children and dependants of the assessee, (b) provision on the English lines for objections and appeals against assessment, (c) provision for differentiation for income-tax purposes between earned and unearned incomes, and (d) provision for giving effect to the recommendation of the Taxation Enquiry Committee for setting off the loss sustained in one year against the profits earned in the subsequent year."

Sir, my object in bringing forward this Resolution is to secure the introduction into the Indian Income-tax laws of those features of the English Income-tax Act which are responsible for the undoubted success of the English Income-tax law.

Sir, I mean the introduction of the permanent features which strike any casual reader of the English Income-tax law, namely, the happy blending of the regard for local interests and for fiscal productiveness of income-tax, secondly, the ingenious device of utilising the services of local experts by the method of Additional Commissioners, the introduction of the principle of differentiation of incomes as earned and unearned, the principle of giving allowances or abatement for the wife, children and dependants of the assessee as we find in the English Income-tax Act, and last but not least the feature of allowing the loss sustained in one period being set off against profits in a subsequent period by the process known as the three years' average system. I submit, Sir, that these features are the necessary equitable incidence that ought to attach to the tax for any successful working of an Income-tax Act. I find in the Report of the Taxation Inquiry Committee that it is stated that the tax whose justification lies in its capacity to work out an accurate adjustment to the capacity of an individual to pay the tax can be successful if the tax can be so adjusted. But I find that though the introduction of these changes which I advocate in this Resolution has been admitted to be justifiable in theory by the Taxation Committee, they put forward certain objections which are based mainly, if not wholly, upon the considerations of improvements in the administrative machinery which they consider as of paramount importance. But, I submit, Sir, that the introduction of these changes would be better done at the inception when the administrative machinery is new and when it is still undeveloped rather than if it were put off to a later stage when we will be met with the argument that the administrative machinery has been fully developed and that it is too late to go back upon the old principles which had been adopted in developing the administrative machinery.

With these remarks, Sir, I shall state as briefly as I can the changes which I want to introduce in the Indian Income-tax Act. It will be convenient if I deal first with item (b), i.e., the provision on the English lines for objections and appeals against assessment. It is necessary to state briefly how the Income-tax Act in England is worked by the aid of what are called various classes of Commissioners. Sir, in England the Central Government has very little to do with the assessment and levying of income-tax directly. They do it by a process which has been accepted by the test of time to be the best having regard to the protection of the assessee as well, the protection which is necessary for the Treasury to see

that the revenue is properly collected. With this object in view they have got what are called the General Commissioners, a body of persons selected by the Land Tax Commissioners, with certain property qualifications. These are local gentlemen who have got the duty of assessing and levying dues. These people are empowered to appoint an assessor, a clerk and a collector. There are then what are called Additional Commissioners and it is these Additional Commissioners who perform a very important function. These Additional Commissioners are appointed by the General Commissioners from among their own body or from local experts with certain qualifications—they should have at least half the qualification necessary for a General Commissioner. In the class of incomes which are classed as Schedule D, that is the class of incomes from business or from professional avocations earned by an individual, either personally or as a member of a firm, assessment is made not by the assessor or surveyor but by these Additional Commissioners. The party liable to be charged, as well as the representative of the Government, that is, the surveyor of taxes, are heard and the objections of these people are put forward before the Additional Commissioners who make the assessment. Against this assessment by the Additional Commissioners there is an appeal to the General Commissioners. Now, again there is another aspect of the English income-tax system which should appeal to everybody. One is not compelled to have his assessment by these General Commissioners if he has got any objection. If anybody likes and if he prefers an official element, he can make a return to the assessors to be transmitted to the surveyor, who makes the assessment and sends a certificate of assessment with a statement to the Special Commissioners who are salaried officials, and these salaried officials make a final assessment after making such disallowances as they think fit. Against this there is an appeal. The party aggrieved may choose the forum of the General Commissioners for the purpose of appeal, or if he pleases he may choose the Special Commissioners, who are salaried officials, for preferring appeals. So that it is a system which gives an alternative to the assessee to have his income assessed and to have his objections heard and his appeals heard either by these bodies of local men with local experts or to have these things done by the Special Commissioners if he adopts the other course. So that it gives him freedom of action; and there is no room for the complaint which we have in India to-day that the department responsible for the assessment sits as a judge in its own cause. That will be avoided by the introduction of a provision on the English lines for General and Special and Additional Commissioners.

Sir, certain objections are raised to this proposal for constituting such Commissioners in India. Dr. Paranjpye is of opinion that at least in some important centres Advisory Committees on English lines might be constituted, so that the assessee may ask that their opinion be taken. But though the majority of the Taxation Inquiry Committee think it feasible in the larger Presidency-towns, they are inclined to take the view of most of the Chambers of Commerce who are opposed to it. I find that the Bengal Chamber of Commerce gave a qualified approval to the introduction of this system in the Presidency-towns; but at the same time other Chambers of Commerce are distinctly opposed to it. But I submit, Sir, that the fact that the Chambers of Commerce representing European interests are opposed to the introduction on English lines of this system is not a reason for the non-introduction of it in India—at least so far as the larger centres are concerned. If they have got any

[Mr. P. C. Desika Chari.]

objection to be assessed by these General Commissioners or Additional Commissioners who are local men, it is quite open to them to have recourse to the officials as they do in England because there will be the other alternative of having their objections heard and their appeals heard by the surveyor and by the Special Commissioners respectively. There is no harm done because there is the other alternative in the matter of appeals also. Sir, as regards the other objection which finds a place in the Taxation Inquiry Committee's Report, I submit that in India, so far as the mufassil is concerned, we have found that a sufficient number of men would be available to act as Commissioners, and it is not correct to say that business men do not like to disclose their incomes or their business affairs except to officials. I think, Sir, that business men are not peculiarly sensitive, and they do not very much care if they have to disclose their business affairs, whether they disclose them to officials or to an expert body of men. If really there is any objection, there is really no harm done by introducing the English system, because these business men who have got objections can always have recourse to the Official Commissioners as apart from the General Commissioners. So that the principle of the introduction of expert advice and local knowledge into the system of making inquiries as regards objections and appeals is one which would readily commend itself to anybody who carefully goes through the provisions relating to Special and General Commissioners.

Then, Sir, coming to the provisions on the English lines in respect of wives and children and dependants of the assessee, I submit that this is also a just and equitable provision, and in theory it is not disputed by the Indian Taxation Inquiry Committee. Their objections are based entirely on different considerations which, I submit, ought not to weigh in giving effect to this equitable incidence of direct taxation. The first objection, so far as I can see, of the Indian Taxation Committee to the allowance is this. In the first place, they say that the exemption limit in India is high. But what do we find? Under the English Income-tax Act for an individual the exemption limit is £135, and for a married couple it is £220, and according to the present exchange rate, for an individual it works out at Rs. 1,800 roughly, and for the married couple at Rs. 2,933-5-0; so that, taking into account the prevalence of marriages in India, as a rule, the exemption limit in India seems to be very much less than in England. That is as regards the first objection of the Taxation Committee. The second objection which they urge is that the registration of births and deaths is not universal, and that it is not sufficiently reliable in India as in England, and the introduction of these inquiries would lead to inquiries of an inquisitorial nature. As Dr. Paranjpye points out in the Report, a false declaration as regards the wife and children and dependants of the assessee can very easily be found out in India, and there are no difficulties in knowing exactly whether a person is entitled to claim an allowance under this head. As Dr. Paranjpye points out, there is no harm in making an allowance, subject to a maximum of Rs. 950, in favour of one's own wife and minor children. I submit, Sir, that if the maximum is fixed, there is no harm in extending the principle in the case of the mother or other dependent relations provided they are maintained by the assessee and provided these dependants have no income, up to the maximum limit.

Then, Sir, coming to the question of earned and unearned incomes, I submit, Sir, that even in places like England, there appear to have been very great objections and it took nearly sixty years for the English people to introduce this principle, and even after the introduction of this principle, some people were opposed to it. We have got the highest authority as that of Mr. Asquith, who says that the introduction of this very necessary element of differentiation has been very remarkable in its results, and that it has removed one of the crying grievances. This is what Mr. Asquith says:—

“I hope I may say without undue self-complacency, that differentiation, always deemed to be just and fair, was for sixty years strongly denied by almost every great authority to be workable in practice. Differentiation has been proved by experience to be not only practicable, but smooth and easy in its operation; and it has in fact paid for itself, and it has removed, once and for all, the most obvious and crying grievances and inequalities,—I do not say all of them, by any means.—but the most crying grievances and inequalities which have marred the equity and clogged the efficiency of the income-tax as a permanent instrument of revenue.”

Sir, this principle of equity and efficiency I wish should be introduced in the Indian Income-tax law. The introduction of this principle of differentiation and the principle which has been adopted in England after such a long course of deliberation extending over 60 years, has been found to be very satisfactory in its results, and I submit, Sir, if it is necessary to introduce direct taxation with all the dislike which such taxation involves in the minds of the people who are not used to such direct taxation, if it is necessary, to introduce such taxation, it is better to palliate it with some of these equities which are considered necessary even in the case of some of the more advanced countries who can very easily understand the necessity for paying a direct tax. With regard to earned income, I need not define it except by stating that it is income earned in any profession or vocation by personal exertion, either as an individual or as a partner, in a private company, and I find that this principle of earned income has been given an extended application in England so as to apply the provisions as regards the earned income in respect of a person who is actually doing some work, though the whole of his income may not be earned. If a part of the income is earned, then the benefits of the differentiation for earned and unearned income applies to that individual. In England there is what is called the assessable income which is arrived at in much the same way as is done here, but after arriving at the assessable income, there is a deduction of 10 per cent. from the assessable income to arrive at the taxable income. But this abatement is subject to a limit of £200 so that this abatement can be claimed only to an extent of £200 and on the resulting balance up to £2,000, half the standard rate is levied and on the remainder the full rate is levied. Then, I submit, in India the introduction of a provision for differentiation on these lines may be quite acceptable. A deduction of 10 per cent. may be given from an assessable income, subject to a maximum of Rs. 1,000, and out of the resulting balance on the first Rs. 1,000, a smaller income-tax, namely, 6 pies in the rupee would be equitable, and on the remaining balance a higher rate of tax may be levied. I submit that the difficulties which are pointed out in the recommendations of the Taxation Inquiry Committee must be due to this. The difficulties which they mention, though they admit the equity of these principles, is firstly the administrative difficulty. Sir, the difficulties were two-fold. Firstly, they say there is no large class of people who have got an income from investments. Most of the people who pay taxes

[Mr. P. C. Desika Chari.]

here are people who pay taxes on earned income. That is their first objection. Then the second objection is that the income from land escapes taxation altogether in respect of income-tax, and there is no reason why a differential rate ought to be levied on the small balance that remains. Sir, to my mind these are the very reasons which would support the introduction of an arrangement of a differentiation. The fact that there are very few people who can afford to live upon their investments is the very thing which ought to be taken into account in assessing their income, and in India in fact most of these assesseees with earned incomes ought not to stand in the way of introducing these principles in the matter of taxation. It is these people that have got a small spending capacity because they will have necessarily to make some provision for old age and their dependants, and the income of people who have nothing to fall back upon will be precarious and they will be less able to pay a tax than people who can depend upon investments. The absence of people who can depend upon investments is not to be regarded as anything opposed to the introduction of this principle but as a thing in support of it.

And then, coming to the last ground, Sir, I wish to have introduced into the income-tax a provision for giving effect to the recommendation of the Taxation Inquiry Committee for setting-off the loss sustained in one year against the profits earned in the subsequent year. I find the recommendations are contained in paragraph 230 of the Taxation Committee's Report, and I do not think it is necessary for me to detain the House any further than by quoting the words of the Taxation Inquiry Committee which you will find at page 191 :

"It seems to them that the substantial justice of the claim to be permitted to set-off cannot be denied, but they recognise the necessity in Indian conditions for a strict limitation of the concession and for hedging it round with conditions. Their proposal is that a loss sustained in any one year should be allowed to be set off against the profits in the next subsequent year only, subject to the condition that any assessee who claims to have made a loss must prove the fact by producing his accounts as soon as possible after the close of the year in which the loss is made."

Sir, I admit that the introduction of these changes would necessarily involve a good deal of disturbance of the machinery of administration as we have it in India to-day, but such a consideration ought not to stand in the way of giving effect to equitable considerations which are admitted to be fair after a thorough examination by the Taxation Inquiry Committee. They admit, at least in theory, that these provisions are just and, when it is admitted to be just, I submit that other considerations, if they are not insurmountable, ought not to stand in the way of the introduction of necessary measures of reform at a time when admittedly the Income-tax Department is new and is not fully developed. With these words, Sir, I recommend this Resolution for your acceptance.

THE HONOURABLE SIR ARTHUR FROMM (Bombay Chamber of Commerce): Sir, I should like to ask through you, Sir, with your permission, if the Mover of this Resolution is prepared to put it in four parts, (a), (b), (c), and (d). I do not suggest that this Council should debate separately on these four parts, but what I do suggest is, that it might be convenient to vote separately on the four parts of the Resolution.

THE HONOURABLE THE PRESIDENT: That is a matter which has nothing to do with the Mover of the Resolution. It is for the Chair to put the Resolution in such form as seems to be acceptable to the House.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, I am rarely in agreement with my Honourable friend there, but on this occasion I am prepared to give him my whole-hearted support. The Income-tax Act, as it is administered at present, has caused great discontent in this country in various directions. The anomaly regarding certain matters has been consistently pointed out both in the Assembly and in this House. And I for one on very many occasions, when the Budget debate has taken place, have pointed out the incongruity and the injustice of the many provisions of that Act. My Honourable friend on this occasion seeks to bring certain defects prominently before the Council and desires that legislation for the amendment of those defects may be undertaken by the introduction of a Bill by Government. The Resolution, as it is worded, is of a very wide and far-reaching character, and it would be impossible to discuss fully the various directions in which my Honourable friend has asked that the amendments and improvements be made at this particular juncture. Personally I am ready to accede to the agreement that most of the amendments which he has suggested are of a right and just character and ought to be adopted immediately. But this Council is aware that the Report of the Taxation Inquiry Committee for an unfortunate reason was discussed neither in the Assembly nor in the Council of State. There is much to be discussed and debated in that Report. Though many of us may be in favour of the various suggestions which the Honourable the Mover of this Resolution has suggested they require a full measure of calm and dispassionate debate and discussion. They require to be threshed out from various aspects. It is, therefore, to my mind useless to ask Government to proceed immediately with the introduction of a Bill of the nature suggested by the Honourable Mover. I do not think that this Council will be prepared to discuss even the various details of the modifications suggested as they require a large amount of information and a collection of certain information regarding the provisions and administration of the English Income-tax law as well. My suggestion therefore is that we all endorse generally the view of the Honourable Mover and deal with this difficult and controversial subject in any way that will invite the least resistance and opposition. I therefore Sir, beg to move a small amendment to this Resolution with your permission and, if that amendment is accepted, I submit the object which the Honourable Mover has in view will be fully achieved. I therefore beg to move my amendment to the following effect:

"This Council recommends to the Governor General in Council to appoint a committee of Members of both Houses to consider the desirability of amending the Indian Income-tax Act by the introduction of, . . . etc."

and the rest of the Resolution will remain.

THE HONOURABLE THE PRESIDENT: Amendment moved:

"That for the words 'to introduce a Bill in the Central Legislature to amend' the words 'to appoint a committee of Members of both Houses to consider the desirability of amending' be substituted."

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, the difficulty which I find in accepting the amendment is the unsettling

[Mr. A. F. L. Brayne.]

nature of a further inquiry on the income-tax administration of the country. We had an Income-tax Bill, 1918. Four years later, after a report of an All-India inquiry, which investigated the whole question in extraordinary detail, there was another Income-tax Bill in 1922. Not long ago the Taxation Enquiry Committee examined various aspects of the income-tax with very great care and in great detail and they made certain recommendations; and of the four recommendations which are before the House in the original Resolution, there is only one recommendation, namely, the last, which they appeared to be prepared to support. It is hardly fair either to the assessee or to the Income-tax Administration, namely, the Central Board of Revenue, to subject them to another inquiry at this stage when scarcely 4 years have elapsed to enable the Bill of 1922 to get into full working order and for its defects to be discovered. There have been defects, it is admitted. Many of these defects have been removed by amending Bills, and now another amending Bill has been introduced in another place. It is not fair to the assessee because though the assessee cannot be said to like paying income-tax—none of us like it—still at the same time a great deal of the dislike is removed if one feels that the tax is regular and if one is not subjected to continual change and continual complications. Nor is it fair to the Central Board of Revenue that they should have to undergo another inquiry. They have done a very great deal to bring the Income-tax Administration out of chaos into order. It may not be perfect at the present moment, but at the same time the Income-tax Administration are doing their best to meet such objections as may be brought to their notice. Therefore, Sir, I oppose the amendment.

THE HONOURABLE SARDAR SHIVDEV SINGH OBEROI (Punjab: Sikh): Sir, I feel very much interested in the subject-matter of the Resolution and the amendment proposed by my Honourable friend. So I rise to support the amendment put forward by my Honourable friend Sir Maneckji Dadabhoy. The Income-tax Act as it stands at present on the Statute-book consists of many inequalities and there are many points which do require a thorough examination from the public point of view. It has been said by the Honourable Member from the Government side that this Act was first passed in 1918 and then it was amended in 1922, and that after a short lapse of 4 or 5 years it is again sought to be amended. I take that argument and say that if the necessity was felt to amend it 4 years after it was passed in 1918, the necessity has been felt now to amend it again for the public interest after it was passed in 1922. Apart from the fact that this is a sort of direct taxation which is naturally felt by the people who pay, there are many sections which ignore altogether the interests of the assessee which have been embodied in the law simply to foster and promote the interests of the Government. Take, for instance, the question of the loss and profits of the assessee. There is a section in the present Income-tax Act—section 34 I understand—which says that if any amount in one year has escaped assessment, the Income-tax Officer is empowered to assess that amount in the next year. If the law provides this section for the interest of the Government, there cannot be any just reason based on equity for not allowing the losses of one year, which a business man or tradesman suffers, to be set-off against the profits of the next year. I think that on this very principle the income-tax law of England has been based, namely, not to assess the tax of one year on the income and profits

of the previous year, but to assess the income-tax on the average income of the last three years. This means that if a loss is incurred by the assessee in one year and a profit is gained in the next year, there would be an average of the loss and profit and thus the right amount would be calculated for the purpose of assessment. This is one of the great inequities of the present Income-tax Act.

1 P. M.

Then, take the right of objections and appeals. The Act provides for Assistant Commissioners above Income-tax Officers and Commissioners above Assistant Commissioners. On certain points an appeal lies to Assistant Commissioners and on certain other points to Commissioners. What I beg to say, with all the emphasis at my command is this: that all these officers belong to one and the same Department, namely, the Income-tax Department, and they naturally feel interested on behalf of Government in the assessments made from the bottom and from the pen of the Income-tax Officer. It would not be uncharitable if I say that the Assistant Commissioner naturally has the ambition to become a Commissioner, and he will naturally see that his Commissioner watches how many appeals he accepts and how many objections he accepts of the assessee who object. What I mean to say is this: that all these officers belong to the same Department which assesses the income, and it does not therefore quite fall within the right principles of justice. The assessing authority must be one, and the authority to hear the objections and the appeals must be another.

Another funny section is found in the Income-tax Act where it is said that if the return sent by the Income-tax Officer to be filled up by the assessee is not returned within a time-limit of thirty days, the Income-tax Officer has the authority to assess income according to what he chooses, and in that case the assessee is deprived of the right of appeal. This does not seem to me to be a very sound principle. If the assessee fails, not wilfully but owing to other engagements of his, to submit that return to the Income-tax Officer, he must have a right of appeal if he finds that he is heavily taxed, just as is the case in civil courts. If any *ex parte* decree is given by a Sub-judge, although the party had been served with a summons to attend and explain whether he owes the sum claimed of to the plaintiff or not, still if the defendant is unable to appear in the court and the *ex parte* decree is passed against him he has got a right within a certain time to apply to get that decree set aside. So it must be in this Act also.

Then, take the question of allowances. It has been rightly put by my Honourable friend, Mr. Chari, that in the English law of income-tax different treatment to different assesseees is given under that law. If a man who has only a wife and earns Rs. 2,000 is assessed to income-tax, if a man who has got no wife to maintain is assessed at the same rate and if a man who has got two or three boys reading in a school or college is assessed at the same rate and has to pay the same amount to the Government as tax upon his income, then it is not equitable. The framers of the law in England were very wise to take into consideration one of the canons of taxation, that is, the capacity to bear the taxation. It is undoubted that the capacity to bear taxation in the case of a man who has got two or three children to educate is much less than that of the man who has got no children to educate in schools and colleges. So this affects one of the canons of taxation if all the men are to be taxed equally.

[Sardar Shivdev Singh Oberoi.]

I find, Sir, that the whole Income-tax Act does require reconsideration and amendment, and it can be done only in two ways: "either by an Honourable Member of this House or of the other House bringing forward a private Bill, or, as has been suggested by my Honourable friend, Sir Maneckji Dadabhoy, by appointing a committee to go into the whole question of amending the Act. I have thought over this question and have taken the opportunity of sending in an amending Bill to the Income-tax Act. It has been submitted to His Excellency the Governor General as it required his sanction before being introduced in the Council; but at the present moment I feel that I must give my support to the amendment proposed by my Honourable friend that the whole question should be entrusted to a committee consisting of Members of both Houses to make the necessary amendments in the present Income-tax Act.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadian): Sir, I only wish to take a few minutes. I rise to support the amendment proposed by my Honourable friend, Sir, Maneckji Dadabhoy. I really cannot understand the position of the Honourable Mr. Brayne towards the amendment. The whole question of taxes on income was one of the subjects referred to the Taxation Inquiry Committee since the passing of the last Income-tax Act. I expected Government to give some effect to the recommendations of that Committee. It would be wrong to say that that Committee accepted *in toto* the principles of the present Act. They have not done so. I agree that my Honourable friend Mr. Chari has committed a tactical blunder in clubbing together a number of these proposals; he ought to have brought them up either as separate Resolutions or moved for a committee in the terms in which the Honourable Sir Maneckji Dadabhoy has done. He suffers a great deal of disadvantage from the form of his Resolution. But, as a matter of fact, I wish to point out that the Taxation Inquiry Committee have really laid the foundation for a consideration of the whole question by the Government or a Committee. For instance, even on the question of the adjustment of loss in one year against the profit of another year they have pointed out that, while the existing system in England is on a basis of three years' average, the Royal Commission on Income-tax of 1920 had really gone so far as to recommend a basis of six years' set-off. They have also pointed out that in regard to the appellate tribunals, though there might be a difficulty in finding suitable Commissioners in the mufassal, they agreed to a qualified proposal that that system might be started in the Presidency-towns where it would be more easy to find Commissioners; they have made a recommendation like that though in rather a halting way. On various other matters also they have made certain recommendations and those are matters which certainly ought to engage the attention of the Government and the Government ought to welcome a suggestion which merely gives them ample opportunities to have the whole question examined. Nobody is committed to any particular view and nobody can deny that the administration of the Income-tax Act in this country is one of very vital importance to all sections of the people, and that it causes a good deal of friction and irritation if it is not properly administered. Therefore, I hope that the recommendations of the Taxation Inquiry Committee will be tested by another Committee, and such recommendations as the Taxation Inquiry Committee have made or other recommendations which may be suitable may be suggested by a Bill.

In regard to another portion also of the Honourable Mr. Chari's Resolution, that is, with reference to the differentiation between earned and unearned incomes, the Taxation Inquiry Committee do not really rule it out. All that they said was that the lands which were the main forms of investments in the country were exempt from income-tax and that, therefore, the question could not be considered; but if the question of levying income-tax on agricultural incomes was again considered, they said that the question of unearned incomes should also be considered, and, therefore, that would also be a problem for the Committee. I think therefore the best solution will be to adopt the amendment which asks for a Committee to go thoroughly into this matter, and I heartily support the amendment.

THE HONOURABLE SIR JOHN BELL (Bengal Chamber of Commerce): Sir, my Honourable friend Sir Maneckji Dadabhoy has by proposing this amendment to the Resolution before the House got me out of a very considerable difficulty, because with regard to the Resolution of my Honourable friend Mr. Chari, while I found it possible to support him in connection with one of the sub-sections of his Resolution, I could not do so with regard to the first three. The first three sub-sections—if I may so describe them—are in an entirely different category to sub-section (d). The first three sub-sections are (a) provision on the English lines for allowances in respect of wives, children and dependants of the assessee, (b) provision on the English lines for objections and appeals against assessment, (c) provision for differentiation for income-tax purposes between earned and unearned incomes. Now, Sir, these three suggestions raise perhaps more considerable difficulties than my Honourable friend has contemplated. Some of these difficulties are indicated in the Report of the Taxation Inquiry Committee. In any case, they are all suggestions which would require the most careful consideration before this House could be committed to support them, and this purpose will be achieved and opportunity will be given for that necessary consideration if the Committee suggested by my Honourable friend be appointed.

With regard to the fourth recommendation. It is in an entirely different category, and at this point I might refer to what was said by my Honourable friend Mr. Brayne. My Honourable friend put forward a plea for a harassed Central Board of Revenue who had been given an Income-tax Act in 1922, and who had been constantly asked to alter it. I do not think that any Honourable Member of this House will have very much sympathy with the Central Board of Revenue. It is true that they got an Act in 1922, and it is true that there have been a great many amending Acts passed but I think, if the history of these amending Acts be inquired into, it will be found that they all emanated from the Central Board of Revenue themselves. Not only do the Central Board of Revenue put forward a new Act at almost every Session of the Legislature, but between the Sessions they issue a number of rules under notification until now nobody knows what the income-tax law of the country really is.

I now come to the fourth recommendation of my Honourable friend Mr. Chari, and that is, that provision should be made for giving effect to the recommendation of the Taxation Inquiry Committee for setting-off the losses sustained in one year against the profits sustained in the subsequent year. Sir, this is not a point that has for the first time been brought up.

[Sir John Bell.]

for the consideration of Government. Commercial bodies in this country have been pressing Government to take some action in connection with it for at least five years. In 1922 representations were made to Government by the Associated Chambers of Commerce and the reply of Government at that time was a very lengthy one. I do not propose to trouble this House at this time with all the details. I replied to these in what was for me a long speech at the Associated Chambers meeting in Cawnpore recently. But one particular objection which they raised was that in no country in the world, with the exception of South Africa, was the principle of setting-off previous losses against profits in the year of assessment accepted. That has been entirely changed since that objection was put forward. As my Honourable friend Mr. Pantulu has pointed out, the law in England now provides that losses may be set-off against profits as far back as six years. The question was from time to time brought up between 1922 and 1925. In 1925 a Resolution on the subject was again presented at the annual meeting of the Associated Chambers of Commerce, and on that occasion it was replied to by the Honourable Sir Charles Innes. In his speech he made certain important statements. He said that the question had been referred to the Taxation Inquiry Committee, and that he had with him a very able note which had been prepared by Mr. Loftus Tottenham and which would be very carefully examined by the Taxation Inquiry Committee. He added that, if that Committee should make proposals in respect of this subject, these would be considered with the greatest care by the Government of India. The Bengal Chamber of Commerce asked Government to supply them with a copy of the note written by Mr. Loftus Tottenham, but they were informed that its contents were private and that it could not be supplied. However, while we do not know what is in that note, we know this that it was considered by the Taxation Inquiry Committee, and that after they had had the advantage and privilege of reading it, the Taxation Inquiry Committee expressed the opinion that has been read by my friend on my right. They said, after reading this note written by the head of the Central Board of Revenue, to which my friend Mr. Brayne referred, that it seemed to them that the substantial justice of the claim to be permitted to set-off could not be denied, but they recognised the necessity in Indian conditions for a limitation of the concession. The important point is that they considered that the substantial justice of the claim to be permitted to set-off could not be denied. Well, the matter was again brought up at the annual meeting of the Associated Chambers of Commerce in Cawnpore in December last, when the Honourable Sir Basil Blackett was present; but at this point I may diverge for a moment. I do not wish to take up the time of the House at this stage by going into many arguments in connection with the justice of the proposal that losses should be set-off against profits, especially in view of the opinion that has been expressed by the Taxation Inquiry Committee. But I would submit that Government is in the nature of a partner in each business in this country. When a business makes large profits, they take a large share of these profits, and it seems equitable that when a business makes losses, if they do not bear any part of these losses, they should at least allow assesses to set-off these losses against the profits of the following year before assessing them for the purpose of taxation. The proposition is so simple and so fair, it seems to me, that it does not require any elaboration by me.

I now come to the meeting at Cawnpore in 1926 when the matter was again brought up. In his reply to a resolution which was moved by myself, or rather in the course of his reply, the Honourable the Finance Member made the following statements;

"In the first place, I am not prepared to deny out of hand that there is a very fair case in equity for some change in regard to business losses."

He again said:

"I am quite prepared to admit at once that the case for allowing business losses to be carried forward is one the fairness of which it is impossible to reject out of hand."

Then again, he said:

"I am prepared to give an undertaking on the part of Government that the matter shall be examined with a view to the introduction of legislation to meet the claim of business people to allow losses to be carried forward as soon as it seems to the Government that this can be introduced in a way that can satisfy business opinion and yet not interfere with the efficient working of the Income-tax Department."

I think to any one who knows my Honourable friend, the Finance Member, it will be apparent that he could hardly be expected on an occasion like this to say more. Well, having heard these valuable opinions on the subject of setting-off losses against profit, and having in view the fact that the question has been under the consideration of Government for the last five years, I do not think there is much force in the argument of my Honourable friend, Mr. Brayne, that it would be unfair and harassing to the Central Board of Revenue to introduce an amendment of the Income-tax Act to give effect to the recommendation which has been supported by the high official opinion that I have quoted, and it is in order to consider this and also the other recommendations of my Honourable friend, Mr. Chari, that this Committee has been suggested. This Committee would not necessarily accept all these suggestions, but would examine them and recommend this Council to put forward for the consideration of Government such of them as they approve of. I strongly recommend the appointment of this Committee.

THE HONOURABLE MR. P. C. DESIKA CHARI: Sir, I am glad that an amendment has been proposed for the formation of a Committee for the consideration of the changes proposed in the Resolution. I think that, having regard to the fact that various considerations ought to be taken into account in examining the desirability of introducing these changes, it is proper that a Committee should go into the matter fully with a view to give to the Government of India its opinion after deliberation so that there may be no possible objection to the introduction of those changes at least which are recommended by a body so constituted.

THE HONOURABLE THE PRESIDENT: The original question was:

"That this Council recommends to the Governor General in Council to introduce a Bill in the Central Legislature to amend the Indian Income-tax Act by the introduction of (a) provision on the English lines for allowances in respect of wives, children and dependants of the assessee, (b) provision on the English lines for objections and appeals against assessment, (c) provision for differentiation for income-tax purposes between earned and unearned incomes, and (d) provision for giving effect to the recommendation of the Taxation Enquiry Committee for setting-off the loss sustained in one year against the profits earned in the subsequent year."

Since which an amendment has been moved:

"That, for the words 'to introduce a Bill in the Central Legislature to amend' the words 'to appoint a Committee of Members of both Houses to consider the desirability of amending' be substituted."

[The President.]

The question I have to put is that that amendment be made.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: I do not know whether the Honourable Sir Arthur Froom still desires ~~me~~ to put the Resolution in parts. The Resolution as amended recommends the appointment of a Committee to examine the question of amending the Income-tax Act to make provision for the four points in Mr. Chari's Resolution.

THE HONOURABLE SIR ARTHUR FROM: My point has been met by the amendment.

THE HONOURABLE THE PRESIDENT: The question is:

"That the amended Resolution be adopted."

The motion was adopted.

The Council then adjourned for Lunch till Half Past Two of the Clock.

The Council re-assembled after Lunch at Half Past Two of the Clock, the Honourable the President in the Chair.

RESOLUTION *RE* PROVISION OF INTERMEDIATE CLASS ACCOMMODATION ON THE SOUTH INDIAN RAILWAY.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadian): Mr. President, I beg to move the following Resolution which stands in my name:

"This Council recommends to the Governor General in Council that immediate steps be taken to provide intermediate class accommodation in all the passenger and mail trains of the South Indian Railway Company, both metre and broad gauges, and that the same fare as that now charged by the Madras and Southern Mahratta Railway Company for that class, namely, 5 pies per mile, be charged by the South Indian Railway Company as well."

Sir, about this time last year when I casually went through the proceedings of the meetings of the Standing Finance Committee for Railways held on the 18th, 19th, and 20th January, 1926, Vol. II, No. 6, I came across an amazing statement made therein on page 68 to the effect that "there is no intermediate class on the South Indian Railway". As one coming from the Southern Presidency and one in the know of things pertaining to the South Indian Railway administration, I was really surprised to find such a misleading and incorrect statement recorded in an official document published by the Government of India, and curiosity led me to consult my friend Mr. Rama Iyengar, who was known to be good at facts and figures regarding Railways, in the last Assembly, on this subject. He was surprised too and was himself taken aback when he read it, but he was absent at that particular meeting and so he said he was not a party to that statement. At the time of the discussion of the Railway Budget, I made pointed reference to this and asked the Government to reconcile this statement with the actualities, but the speeches of

both the Honourable Sir Clement Hindley and the Honourable Sir Charles Innes in reply to the Railway Budget debate, while they wandered from China to Peru on broad principles of railway administration and even gave admonitions to the Honourable Non-official Members who referred to the vexed questions of the hour, such as the Indianization of the railway staff, etc., were silent on this particular point, probably because it was an ugly fact which could not be met. I have therefore thought it best to move a Resolution on the subject of intermediate class accommodation on the South Indian Railway to evoke a reply from the Government and make them take definite action in the matter early—which I am now doing.

The South Indian Railway stands unique among all the railways in India in successfully defying public opinion in the matter of providing and improving intermediate class accommodation in their trains. The intermediate class accommodation is very useful for, and very largely availed of by, the middle classes, who have not the means to travel in either of the two upper classes and who are reluctant at the same time to be huddled together in the proverbially overcrowded third class carriages like beasts of burden. The agitation, therefore, for the provision of intermediate class accommodation on the metre gauge section of this Railway grew so much in volume and intensity that the Railway Administration made a show of providing an intermediate class in the two Ceylon Boat Mails by labelling a third class compartment in each as intermediate class and fixing the maximum fares allowed, namely, 7½ pies per mile. This was at the beginning of 1922 or so. If I were to give a true description of this intermediate class carriage, I am afraid I may not be able to find choice expressions in the English dictionary. It is nothing but a third class compartment converted into an intermediate class, the only difference being that the paint inside the compartment is of a different colour from that of the third class and perhaps less sticky and the seats are provided with cushions of cocoanut fibre. The compartment selected is very narrow, where passengers cannot freely move about nor can they conveniently sit, because the seat is not broad enough to allow the full circumference of their bodies to rest on it without a portion of it protruding outside. The manner of passengers sleeping comfortably on such seats during the nights can better be imagined than described. Railway journey especially in the lower classes is not meant for such comforts, and passengers must either accustom themselves to be wide awake all through, however long their journey or to practise dozing while sitting as an indispensable art, before taking up railway journey in India. There is only one common urinal, and no wash basin, no toilet, no electric fans are provided. There is no possibility for free ventilation either as the compartment resembles a cage walled all round. This is the sort of intermediate class accommodation that is provided, for which the company is extorting from the travelling public the maximum rate of 7½ pies per mile! I understand that even this small mercy was due to pressure from the Railway Board and the Government and this attempt was first branded as "an experiment". But this miserable experiment still continues, though it is now five years since it was started. Any amount of representation and agitation in the Press and on the platform to confirm this experiment, to provide a better type of accommodation, to reduce the fares, etc., was of no avail. The Railway Company had been pleading some

[Hao Sahib Dr. U. Rama Rau.]

excuse or other and turning a deaf ear to the demands of the public. Evidently, the Company is nervous that it may lose its income from the second class if an intermediate class is run on all trains and the experiment confirmed. Assuming for the sake of argument that some second class passengers may take to the intermediate class, the Company will be more than compensated by a larger number of third class passengers taking to the intermediate. In spite of the audacious attempts of this Railway to make out a case that the intermediate class is not popular, by arbitrarily fixing 7½ pies per mile for the intermediate class mail and 9 pies per mile for the second class for the Trivandrum Express, thereby inducing passengers to prefer the second class in the latter to the intermediate class in the former, the intermediate class is still largely availed of and is becoming increasingly popular. For the twelve months ending December 1926, the total number of intermediate class passengers carried by the South Indian Railway was 17,426 and the earnings amounted to Rs. 1,10,784. It must be remembered that only the two Boat Mails carry intermediate class accommodation. If 17,426 passengers had travelled in a year, it means that roughly 25 passengers a day have travelled in each Boat Mail in its most uncomfortable compartments with provision for 18 berths during the night. If in 18 berths during the night (i.e., 36 seats during the day), 25 passengers had been carried in a train, is it not popular? If at the highest rate in India, namely, 7½ pies per mile, the Company gets 25 passengers for 18 berths every day, does it indicate want of popularity of the intermediate class? Is not the Company benefited far more than it deserves by the Intermediate class passengers? And is not therefore the Company morally bound to reduce its Intermediate class fares and provide better and more spacious accommodation? The other systems of Railways in India are far ahead of this Railway in the matter of Intermediate class accommodation. They run one full Intermediate carriage in all their mail trains and the North Western Railway, I understand, are running three intermediate class carriages in some of their passenger trains. The East Indian Railway whose Intermediate class carriages are well known for their palatial accommodation are intending to reduce the fares for intermediate class to 3½ pies per mile for distance over 300 miles, while the third class mail fares on the South Indian Railway are much higher than that. The Madras and Southern Mahratta Railway has provided intermediate class accommodation in 41 trains and from the 1st April 1925 to the 31st March 1926 carried 344,786 intermediate class passengers, earning Rs. 6,94,000. This works out at 8,409 passengers per train as against 8,718 per train carried by the South Indian Railway. Can there be better evidence as to the popularity of the intermediate class on the South Indian Railway? Can it be said that its introduction would be a retrograde step as the Agent of the South Indian Railway seems to opine? Can anything be more absurd than a metre gauge line charging more for third class than a broad gauge one does for its intermediate? To add insult to injury, the public are told in a public document that there is no intermediate class on the South Indian Railway. It is clearly an attempt to hoodwink the Members of the Legislature and I do not know whether the statement originally emanated from the Railway Company or whether the Government themselves are the authors of it. If the explanation be that the provision of intermediate class on the South Indian Railway is only an experimental measure and needs, therefore, no mention being made of it,

then what is the way open to the Honourable Members of this House and the other, to know of such an experiment being tried, the results of that experiment and the measures taken to confirm or abandon that experiment? There is nothing on record to show that such an experiment at all is on foot, and the earnings from the intermediate class whose rate is double that of the third class, are not separately exhibited either in the Budget of the South Indian Railway or in the Standing Finance Committee's Proceedings alluded to above. On page 44 of the said Proceedings, an analysis of passenger traffic on the South Indian Railway is given in which it is said under the heading intermediate class—number and earnings—"No intermediate class". Are we to understand, Sir, that the intermediate class is treated as third class or as second class? What is this wonderful system of accounting called, Sir, to include the earnings from a particular class with a different rate of its own, under another unknown class, making the earnings from that class abnormally swell? The Railway Administration has got separate figures but they are unwilling to disclose them for reasons which are too well-known, namely, to brand the experiment as a failure and drop the question of intermediate class accommodation altogether. Have the Government Railway Audit Department approved of this system? Have they drawn the attention of the Railway Administration or the Railway Board to this wrong and misleading method of accounting? These are some of the questions which require a clear and detailed explanation.

Now, turning to the subject of my Resolution, Sir, I would ask the Government to urge on the South Indian Railway Administration to provide suitable and spacious intermediate class accommodation in all their passenger and mail trains, both broad gauge and metre gauge, and reducing the existing fare of $7\frac{1}{2}$ pies per mile to 5 pies, the same as what is prevailing on the neighbouring line, the Madras and Southern Mahratta Railway. I now commend this Resolution for the favourable acceptance of this House.

THE HONOURABLE MR. G. L. CORBETT (Commerce Secretary): Sir, the Honourable Mover has struck a chord with which most of us will sympathise, for we are all fond of grumbling at the railway authorities and their shortcomings, and wondering why they do this and why they don't do that. But my personal experience has been that when I have had occasion to go into it, they generally have got a very good reason for what they have done or what they have left undone. In the case of this particular question—the provision of intermediate class accommodation by the South Indian Railway—the facts are actually as follows: In 1885 intermediate class accommodation was introduced as an experimental measure and was continued for three years. It was then found that there was considerable financial loss owing to the lack of demand for this accommodation, and it was withdrawn. Subsequently, another experiment was tried to provide more comfort and space for those who were prepared to pay for it; this was to reserve two third class seats for $1\frac{1}{2}$ third class fares; but there was a poor response and this was also withdrawn. Again, in 1908, another experiment was made; third class passengers on the Ceylon Boat Mail train were offered lying down accommodation at double third class fares. This was subsequently reduced to $1\frac{1}{2}$ third class fares, but again there was no adequate response and the matter was dropped. During the War nothing more could be done, of course, owing to the great shortage of rolling stock. But afterwards, when the railway position became easier, the matter was again re-examined, and in 1922 intermediate class carriages were provided on the Ceylon Boat Mail train and are still running and carrying on an average 41 passengers

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a day. A further extension is at the present moment being considered by the Agent of the Railway and the Local Advisory Committee. As a result of a discussion in November last the Committee were asked to advise whether the public would prefer one of two alternatives: firstly, the introduction of intermediate accommodation, or secondly, provision for the reservation of eight third class seats—that would be a third class compartment—for the price of six third class fares. That is where the matter now stands. I think this House will agree that this question is essentially a local one and dependent on local supply and demand. I think the Railway is taking all reasonable steps now to meet the local demand, and it should be left to work out its own problem with the assistance of the Local Advisory Committee, without any interference from the Government of India.

At the same time, I think this Resolution raises a very interesting question of general policy, which is well worth ventilating; that is, whether the number of classes on a railway should be multiplied in future, or whether they should be as few as possible. The Honourable Member's motion suggests that we should add another class where it does not exist, and of course it is quite easy to see that it is a very attractive proposition to provide a large number of classes to suit all tastes and requirements; and I think one has particular sympathy for the class to whom the Honourable Mover referred, that is, those who are not able to afford second class fares but yet want a little more privacy and more space than the present third class accommodation affords. But, on the other hand, the multiplicity of classes is open to some very serious objections: first of all, it must lead to a great deal of empty carriages running on trains. You cannot estimate in advance how many passengers of each particular class you are going to carry, and very often you may find one class crowded while the carriages of another class are empty. Anybody who has travelled must of course be aware of that. And that in itself is an uneconomical arrangement which should be avoided, if possible. But it is a good deal worse to my mind than merely uneconomical; because the provision of these additional intermediate carriages, which may not be occupied, may restrict very seriously the amount of space that is available for the third class passengers, whose discomforts we particularly wish to avoid increasing. In other countries I think the tendency is everywhere to reduce the number of classes. You had four classes originally in the early days in some countries; and then they reduced it to three, and then to two; and sometimes on many trains you have only one class. That is the general line of progress; and I think this has been achieved, at any rate partly, by constantly improving the accommodation for the lowest class; and I think that is what many of us would like to see in India. But the difficulty at present in improving the lowest class of accommodation is that there is a constant demand for reduction in the fares, which we had ventilated in this House only recently. And so long as even the very low fares now charged are considered excessive, it is a very difficult thing obviously to improve the accommodation provided. In the meantime there is another and a suitable way, as it seems to me, of providing for this class that the Honourable Mover mentioned, who want more privacy and more space than they can get in the ordinary third class carriages, and that is to provide facilities for reserving seats or reserving a compartment by the payment of so many third class fares. That is, as I said, the other alternative which the Agent of the South Indian Railway has put before his Advisory Committee. That, I think, is

a way that meets the difficulty without adding to the number of classes on the Railway.

So looking ahead, one imagines that the tendency in India as in other countries will be towards a reduction rather than an increase in the number of classes. And from this point of view the action proposed in the motion might be regarded as rather retrograde and likely to hamper the improvement of the conditions of third class travelling which we all would like to see. One does not want at the present moment to be dogmatic or lay down general principles on this question of whether we should have few classes or many classes in India. But at present I think the best thing one can do is to regard it as a local problem. As you know, even in England where you have passenger traffic very highly developed, you still have the railway companies varying very much. On one railway you get first, second and third classes, on another you get first and third only, and so on. I think it is a point which each Railway Administration should study for itself as a local problem, and in India we have the safeguard that they have a Local Advisory Committee whose views on such matters are always very useful. And I think, as the Local Advisory Committee is now considering this particular question, it would be out of place and uncalled-for for the Government of India to interfere in their deliberations in regard to this matter at the present moment, and I feel sure that the Honourable Mover will take the same view himself and will not press this Resolution.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Sir, I am surprised to hear the reply from Government, that they propose to give power to the railway to reserve seats or to reserve a compartment of 8 seats by the payment of six third class fares,—a proposal which the Agent of the South Indian Railway has put before his Advisory Committee. That will never improve matters, because if one man desires to get intermediate class accommodation, he will have to arrange to get five more men. That does not meet the point I have mentioned.

The Honourable Member says that it is entirely a question of policy, but until that question of policy is settled, I do not see why the South Indian Railway should act in a manner different from that of other Railways where intermediate class accommodation is already provided.

The Honourable Member next argued that if you introduce intermediate class accommodation, some of the compartments will have to run empty. I do not agree there. I myself have seen on different Railways in India that intermediate compartments are not at all empty. On the other hand, they are always running full, and people do make use of intermediate accommodation very extensively. Therefore, Sir, instead of decreasing the intermediate class accommodation, let the Honourable Member increase it and reduce the third class accommodation, to some extent, or for the matter of that, he can to some extent reduce even the second class accommodation. In that way it will be of very great use to the people.

The Honourable Member himself admits that there are 41 intermediate class passengers to and fro every day on the South Indian Railway, and that the railway authorities are afraid that the income from the second class will go down. But I may assure the Honourable Member and those interested in the matter that the income will certainly increase and more

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third class passengers will travel by the intermediate class. In these circumstances, Sir, I do not see any reason why I should withdraw the Resolution. If the Honourable Member had given me an assurance that he would communicate the debate to the authorities of the South Indian Railway, so that they might carry out my suggestions, I could have withdrawn the Resolution; but since he has not done so, I do not wish to withdraw it.

THE HONOURABLE THE PRESIDENT: Do I understand the Honourable Member to say that he does not see his way to withdraw the Resolution?

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: I do not want to withdraw it, Sir.

THE HONOURABLE THE PRESIDENT: The question is that the following Resolution be adopted:

"This Council recommends to the Governor General in Council that immediate steps be taken to provide intermediate class accommodation in all the passenger and mail trains of the South Indian Railway Company, both metre and broad gauges, and that the same fare as that now charged by the Madras and South Mahratta Railway Company for that class, namely, 5 pias per mile, be charged by the South Indian Railway Company as well."

The motion was negatived.

The Council then adjourned till Eleven of the Clock on Tuesday, the 15th February, 1927.

COUNCIL OF STATE.

Tuesday, 15th February, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

ARMY IN INDIA RESERVE OF OFFICERS.

70. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:—

- (a) whether the scheme for the Army in India Reserve of Officers has been successful in the provision of officers;
- (b) whether any adverse criticism has been received on the scheme;
- (c) the number of Indians who have taken advantage of the scheme; and
- (d) if the result so far achieved is disappointing as regards the anticipated number, what steps they intend taking in the matter?

THE HONOURABLE MR. H. G. HAIG: (a) Yes, Sir, progress so far has been satisfactory. The scheme was inaugurated in August 1926 and up to the 1st February, 1927, 379 officers and officers designate have been accepted for the Reserve.

- (b) None as yet, Sir.
- (c) Ten.
- (d) Does not arise.

THE PARASNIS COLLECTION OF HISTORICAL RECORDS AND PICTURES AT SATARA.

71. THE HONOURABLE SIR HAROON JAFFER: Will Government please state:—

- (a) what steps they have taken to retain the Parasnisi historical collection of records and pictures at Satara in this country;
- (b) whether the Government of India intend to secure the pictorial collection as a nucleus of a national gallery in New Delhi;
- (c) whether any part of that collection has already left India; and
- (d) whether arrangements will be made for the above records to be made available for all students?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: The whole matter is at present under the consideration of the Government of India.

SLAVERY CONVENTION.

72. THE HONOURABLE SIR HAROON JAFFER: Will Government please lay on the table the papers relating to the recent Slavery Convention, together with details of the objections raised by Sir William Vincent to signing Articles 2 and 3 of that Convention?

THE HONOURABLE MR. H. G. HAIG (*on behalf of the Honourable Sir John Thompson*): The information asked for by the Honourable Member is contained in the Final Report of the Delegation of India to the Seventh (Ordinary) Session of the Assembly of the League of Nations (1926), which was published in Part I of the Gazette of India, dated the 5th February, 1927.

DISCOVERY OF SILVER IN THE KANGRA VALLEY AND THE KULU VALLEY.

73. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state—

- (a) whether it is a fact that a valuable vein of silver ore was recently found in the Kangra Valley and the Kulu Valley;
- (b) how this find has been verified; and
- (c) whether any steps have been taken to work it on a commercial basis?

THE HONOURABLE MR. A. C. McWATTERS: (a) Inquiries made from the Geological Survey and the Local Government have failed to elicit any confirmation of the alleged discovery.

(b) and (c) . Do not arise.

GRIEVANCES OF WORKMEN OF THE GREAT INDIAN PENINSULA RAILWAY REGARDING SERVICE GRATUITIES.

74. THE HONOURABLE SIR HAROON JAFFER: Will Government please state:—

- (a) whether their attention has been drawn to the grievances of workmen of the Great Indian Peninsula Railway regarding service gratuities;
- (b) whether foreigners are paid higher wages than Indians;
- (c) whether the Agent has been memorialised more than once;
- (d) what action he has taken in respect to the complaints; and
- (e) what action, if any, Government intend taking to redress these grievances?

THE HONOURABLE MR. G. L. CORBETT: (a) Government have not received any representation on the subject from the workmen of the Great Indian Peninsula Railway.

(b) to (c). If the Honourable Member refers to certain Chinese workmen employed on the Great Indian Peninsula Railway, I would refer him to the reply given to starred question No. 257 asked by Mr. R. K. Shanmukham Chetty in the Legislative Assembly on the 31st August, 1925.

If, however, the Honourable Member refers to Great Indian Peninsula Railway subordinates generally, I may inform him that there is no distinction as regards pay on racial grounds.

RESEARCHES BY A NORWEGIAN METEOROLOGIST REGARDING WEATHER FORECASTS.

75. THE HONOURABLE SIR HAROON JAFFER: Will Government please state:—

- (a) whether it has received authentic information from the Home Government as to the recent investigations by a famous Norwegian meteorologist regarding the possibility of weather forecasting; and
- (b) whether the results of those researches will be taken into consideration in the erection of the new meteorological observatory now under construction at Poona?

THE HONOURABLE MR. A. C. McWATTERS: (a) No; but the Meteorological Department is already fully informed on the matter, and a senior meteorologist of the Department was recently placed on deputation to Bergen in Norway to study the details of the method of weather forecasting in that country.

(b) Yes.

FORMATION OF AN EMPIRE PALACE OF ARTS IN LONDON.

76. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:—

- (a) whether it has been approached with regard to the formation of an Empire Palace of Arts in London; and
- (b) whether it is Government's intention to participate in such a scheme along with the other Dominions?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) and (b). Presumably the Honourable Member is referring to the forthcoming exhibition at the Imperial Gallery of Art, London, to be held from April to June 1927. The Government of India have been asked to participate in this exhibition and have issued a press communiqué explaining the arrangements which they have made for the selection of representative works of art by living Indian artists.

SETTLEMENT OF THE FAMILIES OF MOPLAH CONVICTS IN THE ANDAMANS.

77. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:—

- (a) if it is a fact that the families of several Moplah convicts, who recently returned to their villages, have decided to accompany the convicts back to the Andamans to settle down permanently;
- (b) if so, how many such villagers are thus settling in the penal establishment;
- (c) under what conditions are they allowed to settle down; and
- (d) what special concessions, if any, are granted by Government?

THE HONOURABLE MR. H. G. HAIG: (a) Yes.

(b) The number of free Moplahs, including men, women and children now residing in the Andamans with their convict relatives, is 846.

(c) and (d). I would invite the attention of the Honourable Member to the Home Department Resolution No. F.-184/24-Jails, dated the 4th October 1926, which was published in the Gazette of India of the 9th October 1926.

ACTION TAKEN ON RESOLUTIONS PASSED BY THE HISTORICAL RECORDS COMMISSION.

78. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state —

- (a) what resolutions have been passed during the past three years by the Historical Records Commission;
- (b) what action has been taken on each;
- (c) the cause of the delay in cases where no action has so far been taken; and
- (d) the total expense of this Commission during that period?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) to (c). The Honourable Member is referred to Volumes VI, VII and VIII of the printed proceedings of the Indian Historical Records Commission which have been placed in the Library of this House. A summary of the Resolution passed with the action taken thereon will be found in Appendix A of each Volume.

(d) The total expenses of the Commission during the years 1923-24 to 1925-26 are as follows:—

	Rs.
1923-24	3,277
1924-25	2,577
1925-26	4,000
	revised estimate. Actual figures are not at present available.
1926-27 Budget estimate	4,000
	plus 2,000 for the historical exhibition in connection with the meeting of the Commission.

VISIT OF THE ROYAL COMMISSION ON AGRICULTURE TO ENGLAND DURING THE SUMMER.

79. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:—

- (a) if it is the intention of the Royal Commission on Agriculture to make an official visit to England during the summer;
- (b) if so, what will the extra expense be;
- (c) when the final report of the Commission is to be expected; and
- (d) whether a progress report will be published when the Commission adjourns for the hot weather?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) Yes.

(b) The visit to England will entail little, if any, extra expenditure as the cost of passages, etc., will be balanced by savings in allowances and

cost of establishment which would have to be incurred if the Commission stayed in India.

(c) It is not at present possible to state when the final report will be ready.

(d) The Commission as at present advised does not propose to publish any progress report.

MOTION *RE* ELECTION OF A PANEL FOR THE STANDING COMMITTEE ON EMIGRATION:

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (Education, Health and Lands Member): I beg to move:

"That this Council do proceed to elect in the manner described in the Department of Education, Health and Lands Notification No. 114, dated the 7th February, 1924, a panel of 8 members from which the members of the Standing Committee to advise on questions relating to Emigration in the Department of Education, Health and Lands will be nominated."

Sir, it is not necessary for me to add any remarks in explanation of this motion. Honourable Members will remember that these elections have become an annual feature. The term of office of the members of this Committee which was elected last year will expire on the 24th of this month, and hence the necessity for fresh elections.

The motion was adopted.

MOTION *RE* ELECTION OF A PANEL FOR THE STANDING COMMITTEE TO ADVISE ON SUBJECTS IN THE DEPARTMENT OF INDUSTRIES AND LABOUR.

THE HONOURABLE MR. A. C. McWATTERS (Industries and Labour Secretary): I beg to move:

"That this Council do proceed to elect in the manner described in the rules published in the Home Department notification No. F-49, dated the 22nd August, 1922, as amended by the Home Department notification No. D-794-C., dated the 30th January, 1924, a panel consisting of 6 members from which the members of the Standing Committee to advise on subjects in the Department of Industries and Labour will be nominated."

In this case also it is not necessary for me to add anything further to commend this motion to the House. The position is the same as was described by the Honourable the Leader of the House with reference to the last motion.

The motion was adopted.

MOTION *RE* ELECTION OF A PANEL FOR THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE MR. G. L. CORBETT (Commerce Secretary): I move:

"That this Council do proceed to elect in such manner as may be approved by the Honourable the President a panel consisting of 8 members from which 6 shall be selected to serve on the Central Advisory Council for Railways, as provided for in clause 6 of the Resolution adopted by the Legislative Assembly on the 20th September, 1924, on the subject of the separation of Railway Finance."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: With reference to the three motions just adopted by the House, I fix for the nominations to the panels of the three Committees referred to in the motions Friday, the 18th February, up to the hour of noon. Nominations for the panels of the three Committees should be handed in to the Secretary of the Council before that hour.

HINDU FAMILY TRANSACTIONS BILL.

[REFERRED TO SELECT COMMITTEE.]

THE HONOURABLE MR. S. R. DAS (Law Member): I move that the Bill to provide that partitions and separations of interest among the members of Hindu undivided families and other transactions among persons governed by Hindu law shall, in certain cases, be effected by written and registered instruments, be referred to a Select Committee, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.

Since the Bill was introduced on the last occasion the Bill has been circulated and a number of opinions have been received on the provisions of the Bill.

There has been a certain amount of opposition expressed in the opinions received with regard to some of the transactions which under this Bill are required to be effected by written and registered documents. The grounds put forward for objecting to those matters will be considered in the Select Committee, and I would ask the House now to agree to the motion which I have made.

The motion was adopted.

THE HONOURABLE MR. S. R. DAS: I move that the following members be nominated to serve on the Select Committee, namely:

The Honourable Mr. H. G. Haig, the Honourable Sir C. Sankaran Nair, the Honourable Sir Maneckji Dadabhoi, the Honourable Mr. Ramadas Pantulu, the Honourable Mr. Khaparde, the Honourable Lala Sukhbir Sinha, the Honourable Mr. Kumer Sankar Roy Choudhuri and the Honourable Mr. Manmohandas Ramji.

The motion was adopted.

INDIAN LIGHTHOUSE BILL.

[REFERRED TO JOINT COMMITTEE.]

THE HONOURABLE MR. G. L. CORBETT (Commerce Secretary). I move that this Council do recommend to the Legislative Assembly that the Bill to consolidate and amend the law relating to the provision, maintenance and control of lighthouses by the Government in British India be referred to a Joint Committee of this Council and of the Legislative Assembly and that the Joint Committee do consist of 12 members.

I will first explain why I am taking the somewhat unusual course of moving that this Bill be referred to a Joint Committee of this House and of the Legislative Assembly. The lighting of the coasts is a matter in which shipping and commercial interests are primarily concerned. It is now the policy of the Government of India that

the lighting of the coasts should be self-supporting, and that the cost should be borne by light dues levied on shipping. It is, no doubt, ultimately in the interests of the general public that the coasts of India should be made as safe as possible for ships trading to and from Indian ports and along our coasts, but their interest is indirect. The principles of this Bill have been under discussion for a long time, and it is believed that they are generally acceptable. But the details require careful consideration in consultation with the representatives of commerce and shipping, who will have to pay the cost. There are representatives of shipping and commerce in both Chambers of the Legislature. And if the principles of the Bill are accepted, I think that the most satisfactory and expeditious way of getting the details settled will be to discuss them in a Joint Committee of both Chambers, on which the interests primarily shall be fully represented.

I think I can best explain the need for this Bill by giving the House a brief account of the present system of lighthouse administration in India, by indicating its defects, and then by showing how the defects will be remedied or removed by the Bill. The subject is rather technical, and I will try not to bore the House too much. I can only hope that Honourable Members are not altogether insensible to the call of the sea.

The present system of lighthouse administration in India, as in some other countries, has grown in a haphazard sort of way as necessities have arisen. The result has been a series of local arrangements, with varying methods of administration and finance, operating independently of one another, without any co-ordinating scheme or control. Starting from the west, we have the two lighthouses on the Island of Perim, at the southern entrance of the Red Sea, which are administered by the Political Resident of Aden, through the Port Officer, Aden. The whole cost of these lights is borne by the Government of India from central revenues, and nothing is paid by shipping.

Next come the lights of Aden, which are administered by the Aden Port Trust. The cost is borne partly by the Port Trust and partly by central revenues. Here again nothing is paid by passing trade which uses these lights.

The coast lights of Sind are administered by the Government of Bombay through the Commissioner in Sind and the Port Officer, Karachi, and are financed from light dues, levied under the Sind Coast-lights Act, on all ships which arrive at, or clear out of any port in, Sind. Dues are collected by the Customs authorities in Sind and paid into central revenues, and expenditure is met by grants from the Central Government.

Next come the Indian States of Cutch and Kathiawar. On their territory, there are lighthouses of great importance to passing trade, notably Dwarka Point and Diu Head. These lights are administered and financed by the Darbars, and nothing is contributed by passing trade.

In the Bombay Presidency proper, apart from the lights of Bombay port and its approaches, which are under the control of the Port Trust, all lights are administered by the Government of Bombay through the Collector of Salt Revenue, and they are financed from the somewhat scanty resources of the Bombay Minor Ports Funds. Nothing is contributed by passing trade which uses the lights but does not call at any minor port.

[Mr. G. L. Corbett.]

In the Madras Presidency a more effective and equitable system has been developed. All lights in the Madras Presidency, and also the coast lights in the Southern Indian States, are administered by the Government of Madras through the Presidency Port Officer. And all coast lights, both in British India and in State territory, are financed from light dues levied under the Madras Coast-lights Act. There are separate dues for the western and for the eastern groups of lights; and dues are collected by the Customs authorities at any port in British India other than Aden, and are thus levied on passing trade as well as on ships calling at ports in Madras. All dues, wherever collected, are credited to a separate Madras Coast-lights fund, which is self-supporting.

On the Orissa coast, there is only one light of any importance, namely, at False Point. This is administered by the Government of Bihar and Orissa and financed by grants from central revenues.

In Bengal, the lights fall into two groups,—the lights of the Hooghly and its approaches, and the lights of Chittagong and its approaches. The former are administered and financed by the Calcutta Port Commissioners. The latter are administered by the Chittagong Port Commissioners, who receive a grant from the Burma coast-light dues for the light vessel at South Patches outside the entrance to the port.

The lights along the Burma coasts and at the entrance of some of the Burma ports are administered by the Government of Burma, and should be financed from light-dues levied under the Burma Coast-lights Act, which are collected by the Customs authorities at any port in British India, including Aden, and are thus levied on passing trade as well as on ships calling at Burma ports. Dues wherever collected are credited to central revenues, and expenditure is met by grants from the Government of India. The accounts, when shown on a commercial basis, do not balance, and a substantial annual deficit is being made good from the general revenues of the Government of India.

The defects in the present system are both administrative and financial. Lighthouse engineering is a science which is developing and improving very rapidly. It is a far cry from the old fashioned oil lamp to modern acetylene lights and wireless direction giving signals. And modern developments are directed towards cheapness and economy as well as efficiency of service. Up-to-date technical supervision is required to enable India to take advantage of these developments. But the Local Governments and local administrations, which are now each responsible for a section of the coast, cannot individually afford the necessary technical staff. Again, with the greater range of lights and signals and the greater speed of ships, the lighting of a coast can no longer be treated in local compartments, but should be conceived as a whole, so that adjacent lights do not clash. Each station should have its appropriate and distinctive place in a single system for the protection of the coast line.

The financial aspect of the present system is also unsatisfactory. It has been seen that the cost of lighting considerable sections of the coast is not borne by light-dues at all but is a charge either on central revenues or on local port funds. And even where light-dues are levied, they are sometimes not enough to cover the cost of the lights for which they are

intended to provide. As I have already said, it is the policy of the Government of India that lighthouse expenditure should be covered by dues levied on shipping. But if the present system of administration continues, it is certain that effect cannot be given to this intention without a substantial enhancement of existing dues, and the imposition of additional dues where nothing is now being paid. There are also obvious difficulties of assessment, collection and accounting in a system of numerous local light-dues, which are frequently paid at distant ports and must then be transmitted to the local lighthouse authority.

The remedy for these defects lies in the Devolution Rules framed under the Government of India Act, under which lighthouses are a central subject. The old system of local administration has hitherto continued under the agency provisions of the Government of India Act. It is now proposed that the lighting of the coasts of India should be administered as a single unit under the direct control of the Central Government, and the object of this Bill is to vest in the Governor General in Council the statutory powers necessary for the discharge of his constitutional responsibilities.

The organisation which is proposed is outlined in the Statement of Objects and Reasons. All lighthouses will be classified as general (that is, coast) lighthouses, or local (that is, port) lighthouses. The superintendence and management of all general lighthouses will be vested in the Governor General in Council. Local lighthouses will be administered by a local authority, which will ordinarily be a port authority. Certain powers of inspection and control over local lighthouses are reserved to the Governor General in Council, as being the general lighthouse authority.

For the purposes of lighthouse administration, it is proposed that the coasts of India should be divided into districts based on the major ports. The Port Officer of the major port would ordinarily be the Superintendent of Lighthouses in the district, and would be in executive charge of the general lighthouse administration within his jurisdiction. For technical supervision, the Bill provides for the appointment of a Chief Inspector of Lighthouses in British India, and also for the appointment of District Inspectors, who would be engineers with practical experience of lighthouse engineering.

For finance, the Bill provides for the levy of light-dues on every ship arriving at, or departing from any port in, British India, subject to a maximum of two annas per net register ton, and subject also to a periodical limit of thirty days. It is intended that dues should ordinarily be a flat-rate, and should not take into consideration the exact number or the exact cost of maintenance of the particular lights which each ship passes. I need not here examine the respective merits of the so-called flat-rate system and the toll system of assessment. The former is administratively far more convenient, and in practice not less equitable. Provision, however, is made for a lower scale of dues for exceptional voyages on which very few lights are passed. This provision is necessary for ships, for instance, which call only at Aden, and which might be diverted altogether if they were compelled on calling there, to pay the full rate of Indian light-dues.

Provision is also made for the complete exemption, according to existing practice, of Government ships and of all ships under thirty tons.

[Mr. G. L. Corbett.]

It has been roughly estimated, on the figures available, that the total cost of the proposed administration, including overhead charges, will be covered by a flat-rate of 1½ annas per net register ton. In addition to this, it will be necessary to make provision for depreciation and reserve. This cannot be exactly calculated until a valuation of present assets has been made. This valuation is now being undertaken. We have been so fortunate as to secure for this purpose the services of Mr. Alan Stevenson, a member of the distinguished Edinburgh firm who act as Engineers to the Commissioners of Northern Lighthouses. Mr. Stevenson is now touring the coasts of India, and he will be in a position during the early summer to furnish us with a valuation of our present assets, and a general appreciation of our requirements.

The Bill further provides for the maintenance of a separate account of lighthouse receipts and expenditure, and it is intended that this account should be maintained on commercial lines, showing that expenditure is covered by dues, and that receipts from dues are spent on lighthouse services. The Bill also provides for the appointment of a Central Advisory Committee, which will consist of persons representing the interests affected or having special knowledge of the subject. This Committee will correspond in constitution and functions to the Advisory Committee on New Lighthouse Works in the United Kingdom. The annual accounts and budget will be placed before it, and it will be asked to advise on new works, the position and character of existing lighthouses, the rates of light-dues, rules, and on the lighthouse system generally. District Advisory Committees to advise on local questions may also be appointed, if desirable.

There is only one other point in the Bill to which I need refer, and that is its extent. As explained in the Statement of Objects and Reasons, the Bill extends to the whole of British India, which is the limit of the legislative power of the Indian Legislature. But the wording has been framed so as to permit the expenditure of light-dues levied in British India on lighthouses beyond the limits of British India. I need not explain here in detail the terms and conditions on which the Government of India already administer the island lighthouses at the southern end of the Red Sea, the Persian Gulf lights and the lights in certain Indian States. Nor need we consider now the terms on which we might possibly be invited to administer the Ceylon coast lights, the Great and Little Basses, and the important lighthouse on the little island of Minicoy, between the Maldives and Laccadives, which is picked up by every ship passing between Aden and Colombo. All I wish to say now is, that there is no intention whatever of making these lights a charge on those ships only which call at Indian ports. Such shipping will not be asked to pay more than a fair share of the cost, and satisfactory financial arrangements in respect of other shipping will be required before our liabilities are in any way extended. I may say here that we now have an arrangement with the Government of Iraq for the levy of light-dues at Basra for the Persian Gulf lights, which is in every way satisfactory.

In conclusion, I should explain that this Lighthouse Bill should be regarded as the first instalment of a larger scheme for the transfer of the administration of the Shipping Acts and of mercantile marine affairs generally from the Local Governments to the direct control of the Commerce Department of the Government of India. The intentions of the Government of India in this matter, as Honourable Members are aware, were

announced by His Excellency the Viceroy at Cawnpore in December last. Thus the Chief Inspector of Lighthouses, for which this Bill provides, will not be an isolated appointment. He will be a member of the small staff of technical advisers, with which the Commerce Department will be equipped to enable it to undertake this important extension of its duties.

When launching this large scheme of administrative reorganisation, I cannot refrain from gratefully acknowledging the assistance that I have received in working out the general principles of the scheme and in filling in the details. As stated in the Statement of Objects and Reasons, this Bill is based on the sound principles of the Merchant Shipping Acts, and the Board of Trade and the Elder Brethren of Trinity House have freely given us their invaluable help and advice. In India, the whole question has been fully discussed with the maritime Local Governments, with Port Trusts, with Chambers of Commerce and representatives of Shipping Companies, both British and Indian, and all have been most helpful. Every effort has been made to consult all authorities and interests concerned, and this Bill, which is the first fruits of those deliberations, will, I hope, receive general support.

I now move that the Bill be referred to a Joint Committee of this House and of the Legislative Assembly. I may explain that it is not desired to hurry through the proceedings of the Joint Committee. It would obviously not be advisable to come to a final decision on all details until we have Mr. Stevenson's Report before us. Sir, I move.

THE HONOURABLE THE PRESIDENT: The question is—

“That this Council do recommend to the Legislative Assembly that the Bill to consolidate and amend the law relating to the provision, maintenance and control of lighthouses by the Government in British India be referred to a Joint Committee of this Council and of the Legislative Assembly, and that the Joint Committee do consist of 12 Members.”

The motion was adopted.

INDIAN FOREST BILL.

THE HONOURABLE MR. S. R. DAS (Law Member): Sir, I move that the Bill to consolidate the law relating to forests, the transit of forest-produce and the duty leviable on timber and other forest-produce be taken into consideration.

This Bill was introduced at a previous Session by Mr. Raza Ali who was a Member of the Statute Law Revision Committee which had prepared the Bill. On that occasion Mr. Raza Ali fully explained the objects of the Bill, and, as Honourable Members will remember, the Bill is intended merely to consolidate the law relating to forests, the transit of forest-produce and the duty leviable on timber and other forest-produce. It is not intended to make any alteration in the law relating to those matters as it at present prevails, but merely to bring together the different provisions in the different Acts and to consolidate them. The Bill has been circulated, and I now move for consideration of the Bill. As Honourable Members will have noticed from the agenda paper, I shall have to move certain amendments if this motion is accepted by the House, but those are more or less merely drafting amendments. I move, Sir, that the Bill be taken into consideration.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadian): Sir, I think that the Bill has not received such consideration as it ought to, having regard to the very important provisions embodied therein. It is true, as the Honourable the Law Member has stated, that the measure introduced by Mr. Saiyid Raza Ali is essentially a consolidating measure. But the Indian Forest Act was passed in 1878, that is half a century ago, and since then it has been found to be defective in very many particulars, and its working has given rise to a great deal of hardship to the poor agriculturists who happen to be residents of villages near the forest areas or owners of lands adjoining the forests; and the "forest" grievances are grievances which are well known to all people who are interested in the agricultural population of this country. The Bill, I think, has not received that measure of due consideration at the hands of those whose rights are affected and also of the public in general. Since Mr. Raza Ali introduced it in August 1926 of the Simla Session, I do not think that much has been done to elicit the opinion of persons interested in examining the measure carefully.

I find, Sir, that this Bill is a very drastic one notwithstanding the fact that it is a consolidating measure. I will only refer to two or three provisions because I do not wish to enter into any detailed discussion of the provisions of the Bill. If the House will kindly refer to clause 6, the House will find from clause (c) that the Forest Settlement Officer may fix a period of three months within which persons having rights in forest lands are to make their claims, and if they do not make the claim within three months, clause 9 says that the rights are extinguished. If persons do make claims, the person who is to investigate the claims is the Forest Settlement Officer, an executive officer of the Government, and all private rights, however valuable they may be, have got to be decided upon by him alone. Against his decision an appeal is provided by clause 17, which says that the appeal shall be presented to an officer of the Revenue Department, of rank not lower than that of a Collector or Deputy Commissioner. The proviso says that the Local Government may, by notification in the local official Gazette, appoint a forest court consisting of three members to hear appeals from such orders. The proviso does not however say that the persons to be appointed are to be judicial officers; the Government may appoint Deputy Collectors or other executive officers. They may be merely executive officers of the Government to hear appeals against the order of another executive officer of the Forest Department. Clause 25 says that the Forest Officer may stop any public or private way or water-course in a reserved forest and so on. I also find that the Bill takes away the jurisdiction of civil courts over very important matters. If you turn to clause 69 you will find a very curious provision. When a man is prosecuted or proceeded against for being in possession of what the Government considers to be "forest produce", the clause lays down:

"When in any proceedings taken under this Act, or in consequence of anything done under this Act, a question arises as to whether any forest-produce is the property of the Government, such produce *shall* be presumed to be the property of the Government until the contrary is proved."

and the man has got to make out his innocence. And what is forest-produce? It includes:

"The following, whether found in or brought from, a forest or not, timber, charcoal, caoutchouc, catechu, wood-oil, resin, natural varnish . . ."

and so on—things which may be found in the possession of any person. If I am found in possession of charcoal or timber or things of that kind,

there is nothing to prevent the Government from running me in and asking me to prove my innocence and that it is not forest produce, except probably the fact that I am a Member of the Council of State. These are very drastic provisions, and an archaic law which was enacted in the year 1878, half a century ago, does require very careful revision when it is again placed permanently on the Statute-book in a consolidated form. Since the Forest Act was enacted various village-panchayat organisations have been working and the people are now familiar with the working of the forests; these and other things have not been taken into consideration in consolidating this Bill. I therefore very respectfully move for an adjournment of this question for a short time to enable the House to consider it more carefully or, to enable the Honourable the Law Member, if he is so inclined, to refer it to a Select Committee and bring it again before the House. I am sure that the Bill in its present form will not find acceptance in the other Chamber. I have not ventured to bring forward any amendments in this Council because I felt, and my feeling was one of very great depression, that in this House any amendment which the Government opposes has not the slightest chance of being passed. Owing to that feeling of helplessness, to which I own with some amount of humiliation, I have not done so. But at the same time I must request the Member on behalf of Government to see that the Bill does not go from this House in a form which is sure to evoke a large measure of opposition in the popular Chamber. We ought not, I think, to deal with a measure of this importance which affects the well and the prosperity of a large section of agriculturists in this unsatisfactory manner. After all, the Government will not lose much by agreeing to this course because there is the Indian Forest Act in force and this is only a consolidating measure, as the Honourable Member himself put it, and there is no hurry for it. Therefore I would appeal to my Honourable friend to consent to an adjournment of the discussion for a short time to enable him to bring the Bill before a Select Committee or to give us more time to consider this matter. If he so desires he may bring up the Bill at a later date in this Session, some time in March, so that we may consider the measure a little more carefully. I do not wish to say more by way of detailed criticism, because I think it is out of place on a motion like this, and therefore I once more earnestly appeal to the Honourable Member in charge to give us a little more time to consider over a measure of this great importance.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Though I admit that I am in some sympathy with many of the observations made by my Honourable friend, Mr. Ramadas Pantulu, I am still unable to see the relevancy of his remarks on this occasion. The object of the present Bill is only to bring the existing laws within the scope of one single enactment. It is a purely consolidating measure. It brings the various Acts, which have been passed from time to time since 1878, within the scope of one Statute. I quite appreciate that many of the provisions of these various enactments which are about to be consolidated by this Bill are in some way or other unsuitable or objectionable. We may find fault with some of the provisions of this Bill, but that point is not affected by this enactment. There is nothing to prevent my Honourable friend Mr. Ramadas Pantulu, after this Bill has been passed, from bringing in an amending Bill asking for the amendment of certain provisions of this Bill which are defective, unsuitable to the present times, unnecessary or unjust in his opinion. But I do not see any force in his

[Sir Maneckji Dadabhoy.]

plea for the postponement of this measure at this stage or reference to a Select Committee, because this is a Bill which is purely of a consolidating character. Honourable Members will have abundant opportunities of bringing in private Bills for the purpose of amending the unreasonable provisions, if any, of this Bill, and I do not see that there is any force in his argument for the adjournment of the consideration of this Bill. My Honourable friend has also complained of want of adequate time. This Bill was brought forward by my Honourable friend, Mr. Raza Ali, last August in the Council of State. Surely the many months that have passed since that occasion were in all conscience quite enough for the consideration of this Bill or any other relevant matter connected with this measure.

THE HONOURABLE SIR C. SANKARAN NAIR (Madras: Non-Muham-madan): Sir, I support this request for adjournment for a short time, or if that is not possible, I would ask my Honourable friend to consider whether he cannot see his way to refer the Bill to a Select Committee. At first I was under the impression that the Bill does not apply to Madras, because in terms it does not and applies only to the rest of India under clause 1. But I find that there is a provision in the Bill itself which says:

“The Local Government of any other province may, by notification in the local official Gazette, extend this Act to the whole or any specified part of the province”

It at once takes away the whole force of the argument that this is a consolidating measure, because the Madras Act passed after the Act now being repealed is materially different from this Bill in many particulars. It is different, and where it is not different, where the provisions are practically one and the same, then those provisions have been found in practice to work great hardship and therefore they require consideration. I own that I would have moved amendments if I had felt at first that this Bill may be operative in the Presidency of Madras also.

I will just draw the attention of the Honourable the Law Member to some of the provisions of this Bill which in practice I have found—because I have worked the Madras Act whose provisions are very similar in many respects to those of this Bill both at the Bar and on the Bench—to work hardship. First of all, when the Forest Settlement Officer proposes to act, he issues not a notice to the individuals but a notice generally to the villages in the neighbourhood. I am speaking with particular reference to Malabar where it has been worked—it is a hill country and there are forests extending miles and miles north and south, east and west. You may issue a notice to the villages in the neighbourhood of a tract of forest, say five miles to 10 miles, and 6 miles to 8 miles. The result very often is that it does not reach the owners. There are Maharajahs and Rajahs who own these tracts all round and very often they have found themselves after three months' time deprived of their right. Then it is within three months' time that all the objections have to be put in. Very often there are minors. A still greater hardship is this. The Forest Settlement Officer is to inquire into the case. He is not bound by the rules of the Civil Procedure Code. The trial is not carried on—I speak from experience—in accordance with the provisions under which trials are held in the civil courts. The whole thing is a gross confusion, and the result of that is that pleaders who appear before him do not know where they are. They do not know the documents which have been filed in the court. They do not know the

documents which have been filed on behalf of the Government, and they do not know the documents and exhibits which have been filed by the various parties. For there are often many conflicting claims. The result of that is that the inquiry is imperfect. Now comes the great distinction. In Madras the appeals from the Settlement Officers do not lie to any revenue officer. They do not lie to the Collector or Deputy Commissioner. They lie to the District Judge. Now if this Bill is extended to Madras it takes away that very great and valuable right of trial by a judicial officer. The result will be that it will go to a Collector. I would say that the provision which allows an appeal from a Settlement Officer to a judicial officer, namely, the District Judge, is the right provision and it ought to be the provision for all India. One of the reasons why I am asking the Law Member to refer the matter to a Select Committee is, that it is probably not a case for amendments because I do not know the conditions in the other provinces. Now, after the appellate officer has decided the appeal from the order of the Settlement officer, it may go under this Bill to the Governor in Council whose decision shall be final. There again in Madras, it is not so. After a good deal of doubt, the High Court in Madras have held that they are empowered to receive a second appeal. That is certainly opposed to the provisions of this Bill. I should like the Select Committee to consider that also. I would also suggest to the Law Member whether it is not far better to have the provisions of the Madras Act incorporated in this, that is to say, the appeal from the Settlement Officer to lie to the District Judge and from the District Judge to the High Court. Even the first decision of the Settlement Officer is not satisfactory. All the High Courts in India have pointed out the great difficulties in settling rights relating to waste land and forest land. The presumption of ownership and possession is an extremely difficult question in connection with waste land and forest land. I venture to put it to the Law Member whether these are not questions that could be threshed out in the Select Committee. In Madras we have wanted to go further. We wanted that the decision of the Forest Settlement Officer should only be a preliminary summary trial. All these are very important matters which could be settled by the Report of the Select Committee. I put it to the Law Member whether it will not be the right thing to refer the matter to the Select Committee, even if he cannot see his way to adjourn the discussion.

THE HONOURABLE MR. S. R. DAS: I regret very much that I am not able to comply with the request of the Honourable Mr. Ramadas Pantulu and Sir Sankaran Nair either for adjournment or for referring the matter to a Select Committee. I should like to make it clear, however, that I say so not because I do not think that the observations which have fallen from them are not worthy of consideration. On the contrary, what they have stated shows that probably the Forest Acts require revision like many other old Acts, such as the Transfer of Property Act, the Contract Act, and so on. But I would like to point out that there is no question of revision in this Bill. What we are putting forward is merely a consolidating Bill. If this Bill were not put forward, the law would remain exactly as it is, and it is not intended by this Bill to alter or revise the law as it now stands. It is only for the purpose of getting together the provisions of the different Acts and different enactments.

THE HONOURABLE SIR C. SANKARAN NAIR: Would you not apply this to Madras?

THE HONOURABLE MR. S. R. DAS: I will only point out that sub-clause (3) of clause 1 to which the Honourable Sir Sankaran Nair referred is merely a re-enactment of section 2 in Schedule I of Act XXXVIII of 1920. The provision that the Local Government of any province may, by notification in the local official gazette, extend this Act to the whole or any specified part of the province is not a new provision. It is a provision which now exists. There is nothing new in this. My friend Mr. Ramadas Pantulu pointed out that there are many objectionable features in this Bill and that it may not be accepted by the other House. The effect of that will be not to change the law but to leave it as it stands now in different Acts. All that we are trying to do is to bring together the various provisions. A Select Committee for the purpose of revising the laws as it now stands would not be in conformity with the object of this Bill, which is merely consolidation. As I said, I do not want to repeat myself; it may be that the laws relating to forests seriously require revision and I have no doubt that if a Resolution is moved in this House that the Act should be revised, the matter will be seriously considered by the Government, but it does not arise on this Bill. I would therefore make it clear that if I cannot agree to adjourn the matter or the matter being referred to a Select Committee, it is not because Government thinks that the Act does not require revision, but that they are not relevant so far as the present Bill is concerned, which is merely consolidation.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill to consolidate the law relating to forests, the transit of forest-produce and the duty leviable on timber and other forest-produce be taken into consideration."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: I shall put the clauses in groups and if any Honourable Member wishes to speak on any particular clause, I hope he will stop me when I mention the number of the clause.

Clauses 2, 3, 4 and 5 were added to the Bill.

THE HONOURABLE MR. S. R. DAS: I move that in clause 6 for the words "the vernacular" the words "the local vernacular" be substituted.

This is merely a drafting amendment to make it quite clear that it is the vernacular of the particular district.

The motion was adopted.

Clause 6, as amended, was added to the Bill.

Clauses 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 were added to the Bill.

THE HONOURABLE THE PRESIDENT: Clause 17.

THE HONOURABLE MR. S. R. DAS: Sir, I move as an amendment that
12 noon. in clause 17 the words "or Deputy Commissioner" be omitted.

This is again a mere drafting amendment because under the General Clauses Act the Collector includes a Deputy Commissioner.

The motion was adopted.

Clause 17, as amended, was added to the Bill.

Clauses 18, 19 and 20 were added to the Bill.

THE HONOURABLE THE PRESIDENT: Clause 21.

THE HONOURABLE MR. S. R. DAS: Sir, I move as an amendment that in clause 21 for the words "the vernacular" the words "the local vernacular" be substituted for the reasons which I have already mentioned.

The motion was adopted.

Clause 21, as amended, was added to the Bill.

Clauses 22, 23, 24, 25, 26, 27, 28, 29 and 30 were added to the Bill.

THE HONOURABLE THE PRESIDENT: Clause 31.

THE HONOURABLE MR. S. R. DAS: Sir, I move as an amendment that in clause 31 the words "of the district" be omitted, and for the words "the vernacular" the words "the local vernacular" be substituted.

The words "of the district" are unnecessary. The clause runs.

"The Collector of the district shall cause, etc."

It is unnecessary to use the words "of the district" and that is why I am moving this amendment.

The motion was adopted.

Clause 31, as amended, was added to the Bill.

Clauses 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, and 86 were added to the Bill.

The Schedule was added to the Bill.

THE HONOURABLE THE PRESIDENT: Clause 1

THE HONOURABLE MR. S. R. DAS: Sir, I move as an amendment that in sub-clause (2) of clause 1 for the words and brackets "(except the District of Hazara), and the Central Provinces" the words and brackets "the Central Provinces and the North-West Frontier Province (except the District of Hazara)" be substituted.

The sub-clause as it stood was:

"That it extends to Bombay, Bengal, Bihar and Orissa, the United Provinces, the Punjab (except the district of Hazara), and the Central Provinces."

The District of Hazara as a matter of fact is not in the Punjab now although it was when the original Bill was passed, but is a part of the North-West Frontier Province. It is to make that quite clear that this particular amendment is moved.

The motion was adopted.

Clause 1, as amended, was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. S. R. DAS: Sir, I move that the Bill, as amended, be passed.

THE HONOURABLE SIR ARTHUR FROMM (Bombay Chamber of Commerce): Sir, in supporting this motion of the Honourable the Law Member I merely wish to remind Honourable Members of this House that this is no new departure. We have had Bills before to consolidate various Acts

[Sir Arthur Froom.]

and we have found that such action on the part of Government has been most helpful. I refer, Sir, to the Indian Merchant Shipping (Consolidation) Bill and also the Indian Succession (Consolidation) Bill. The Indian Merchant Shipping (Consolidation) Bill comprised Acts which dated back over 50 years, and it was of the greatest advantage to have all those old Acts consolidated into one Act. I would point out to my Honourable friends Mr. Ramadas Pantulu and Sir Saukaran Nair that the object, as I understand it, of Government on this occasion is to adopt a similar procedure. Now, Sir, if I wanted to amend any of the Indian Forest Acts,—suppose I had half a dozen amendments,—I would much rather bring forward an amendment motion dealing with one Act, whereas, but for the Bill now before us, I might have had to bring in several Bills to amend the various Acts now existing. I contend that there is nothing sinister in the action of Government in bringing in this very useful measure.

THE HONOURABLE THE PRESIDENT: The question is:

“That the Bill to consolidate the law relating to forests, the transit of forest-produce and the duty leviable on timber and other forest-produce, as amended, be passed.”

The motion was adopted.

The Council then adjourned till Eleven of the Clock on Wednesday, the 16th February, 1927.

COUNCIL OF STATE.

Wednesday, 16th February, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

ESTABLISHMENT OF A SANSKRIT COLLEGE IN POONA.

80. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:-

- (a) whether an offer of a lakh of rupees was made by them to establish a Sanskrit College in Poona in 1912;
- (b) whether that offer was accepted;
- (c) if not, why not;
- (d) whether they are aware that an effort is being made now to establish such a college in Poona;
- (e) whether the original offer of a grant still stands;
- (f) whether such offers were ever made to establish an Arabic or a Persian College in India; and
- (g) if not, why not?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (a) and (f). No such offers were made.

(b), (c), (e) and (g) Do not arise.

(d) Yes.

* PUBLICATION OF A REPORT ON THE EXCAVATIONS AT MOHENJO-DARO.

81. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:

- (a) whether a progress report on the excavations at Mohenjo-Daro in Sind is to be published;
- (b) whether any effort is to be made to solicit the aid of Western scholars in deciphering the unknown characters on the seals found at Mohenjo-Daro and Harappa;
- (c) whether the Director General of Archaeology has written any articles on the subject for the English and the Indian Press;
- (d) how much has he received in payment for such articles;
- (e) whether this money has been credited to the Government; and
- (f) what arrangements have been made for future work at these sites of ancient civilisation?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) Progress reports on the excavations at Mohenjo-Daro are published in the annual reports of the Archaeological Department, and an independent memoir on the work up-to-date is now under preparation.

(b) Every effort is made to enlist the help of Western scholars in deciphering the inscriptions found at Mohenjo-Daro. At present two members of the British Museum staff are devoting much time to the subject

(c) Yes.

(d) About Rs. 1,500.

(e) No.

(f) Arrangements have been made to continue the excavations at Mohenjo-Daro with adequate funds and a special staff.

DISPUTE BETWEEN THE GOVERNMENTS OF BOMBAY AND THE PUNJAB
REGARDING THE USE OF THE INDUS WATER FOR IRRIGATION.

82. THE HONOURABLE SIR HAROON JAFFER. Will Government be pleased to state:

(a) if it is a fact that a serious dispute has arisen between the Governments of Bombay and the Punjab over the use of the water of the Indus for irrigation;

(b) whether there is a Committee in existence to settle such differences;

(c) whether that Committee has thoroughly investigated the amount of water available in the Indus for irrigation purposes;

(d) whether that Committee has submitted annual reports of its work to the Government of India as suggested by the Inspector General of Irrigation in 1920; and

(e) whether the Government of India intend to act as arbitrator in this present dispute as suggested by the Inspector General of Irrigation in his note of 1920 on this subject?

THE HONOURABLE MR. A. C. McWATTERS: (a) It is a fact that there is a difference of opinion between the Governments of Bombay and the Punjab as to the effect on the supply of water in the Indus of a project, which the latter Government desire to construct.

(b) No. The Honourable Member probably refers to the Indus Discharge Committee, the functions of which are to record discharges of the river and its distributaries and submit reports thereon.

(c) Yes, in so far as has been possible in the comparatively short time during which the Committee has been in existence.

(d) No, as during the earlier years of the work, the data available were insufficient to justify the compilation of annual reports. A full report on the work done up to date both in the Punjab and in Sind, with details of the gaugings made, has however lately been received from the Committee.

(e) It is the duty of the Government of India to advise the Secretary of State whether or not sanction should be given to the project put forward by the Punjab Government, and they are considering the appointment of a Committee of experts to advise them in regard to the effect

of that project, if constructed, upon the supplies in the lower reaches of the Indus

ACCIDENTS TO MILITARY AEROPLANES DURING THE LAST FIVE YEARS.

83. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:

- (a) how many aeroplane accidents have occurred to military machines in India during the past five years;
- (b) how many of the planes affected were at the time engaged on active service;
- (c) how many were engaged on actual duty;
- (d) how many deaths were caused by the accidents;
- (e) in how many cases was the cause of the accident ascertained; and
- (f) what is the proportion of deaths to miles flown?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) 171

(b) 9.

(c) All the aeroplanes were engaged on actual duty.

(d) 28 deaths.

(e) In about 90 per cent. of the accidents.

(f) Approximately 1 death per 1,883 hours of flying, or 131,880 miles flown.

FATAL ACCIDENTS IN FACTORIES.

84. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:

- (a) how many workers in mills lost their lives in 1925 by coming into contact with machinery;
- (b) whether the mill-owners have paid any compensation for such accidents;
- (c) if so, how much; and
- (d) what steps have been taken to discourage the wearing of long hair and loose garments when manipulating machinery?

THE HONOURABLE MR. A. C. McWATTERS: (a) In the statistics of factories published by the Government of India accidents are not classified according to their causes, and the information asked for by the Honourable Member is not therefore readily available. The total number of fatal accidents in factories during the year 1925 was 263, and the percentage of these accidents due to machinery was about 40.

(b) Yes.

(c) The Workmen's Compensation returns which are forwarded by Local Governments to the Government of India do not record separately the amount paid in respect of accidents due to machinery in factories.

(d) The Factories Rules in most provinces provide that no person engaged in oiling or adjusting belts in any work whatsoever within reach of unfenced transmission machinery shall be allowed to wear loosely fitting clothing. No regulations have been framed regarding the wearing of long hair by operatives employed on machinery.

**VISIT OF THEIR ROYAL HIGHNESSES THE DUKE AND DUCHESS OF YORK
TO AN INDIAN PORT ON THEIR RETURN FROM AUSTRALIA.**

85. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:

(a) if it is the fact that the Duke and Duchess of York will pay a call at an Indian port on their return from the Australian tour; and

(b) if so, at what port and on what approximate date?

THE HONOURABLE MR. H. G. HAIG:- I have been asked, Sir, to answer this question on behalf of the Honourable Sir John Thompson:

(a) The answer is in the negative.

(b) Does not arise.

GRIEVANCES OF THE EMPLOYEES OF THE TELEGRAPH DEPARTMENT.

86. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:

(a) whether their attention has been drawn to the grievances of the employees of the Telegraph Department, particularly in regard to the need of recruitment on merit only;

(b) have they received any resolutions of the All-India Telegraph Union, Bombay Branch, on the subject; and

(c) what steps they intend taking upon the resolutions?

THE HONOURABLE MR. A. C. McWATTERS: (a) Yes.

(b) Yes.

(c) The question of future policy regarding recruitment to the Signalling establishment is under consideration of the Government. The Department, however, is at present overstaffed and, until the surplusage has been worked off, no revised scheme can be introduced.

OPENING OF AN EXPERIMENTAL MALARIAL STATION AT KARNAL.

87. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:

(a) whether it is a fact that an experimental malarial station is shortly to be opened;

(b) where it is to be located;

(c) the estimated initial cost;

(d) the annual expenditure;

(e) the amount to be borne by Government;

(f) the exact nature of the work to be undertaken; and

(g) who will be in charge of the station?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) Yes, by the Indian Research Fund Association.

(b) At Karnal.

(c) The initial cost for purchase of buildings will not exceed Rs. 65,000. A sum of Rs. 10,000 has been allocated by the Association for purchase of equipment and apparatus.

(d) The annual expenditure of the station itself is estimated not to exceed Rs. 5,000, exclusive of staff and equipment, which will have to be maintained in any case, as the station only forms part of a general scheme for malarial research in India. The general scheme has not yet been completely worked out.

(e) No part of the cost will be borne by Government which however makes a grant to the Association.

(f) The work to be undertaken is—

- (i) the prosecution of various researches upon malaria, especially such as can only be carried out in the field; and
- (ii) the holding of an annual class of instruction for officers engaged in combating malaria.

(g) This has not yet been decided.

PROTESTS FROM LONDON BANKERS REGARDING THE PROPOSED
ESTABLISHMENT OF A CENTRAL RESERVE BANK OF INDIA.

88. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:

- (a) whether they have received a protest from London bankers regarding the proposed establishment of a Central Reserve Bank of India;
- (b) what are the main points of protest; and
- (c) what decision has been arrived at in the matter?

THE HONOURABLE MR. A. F. L. BRAYNE: The answer to part (a) is in the negative.

(b) and (c). Do not arise.

PRINTING OF STAMPS AT THE SECURITY PRESS AT NASIK.

89. THE HONOURABLE SIR HAROON JAFFER: Will Government please give statistics regarding:

- (a) the denomination of stamps now printed at the Security Press at Nasik;
- (b) the total value of such printing since the work was undertaken in India;
- (c) the cost of experimentation before the work was commenced;
- (d) the cost of failures (if any) in issues;
- (e) the cost of the proposed extension of the Nasik Press; and
- (f) the estimated saving effected by having stamps printed in India instead of importing them?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) A list is placed on the table showing the different varieties of stamps (including postal stationery) manufactured at Nasik.

(b) The value of the products sold by the Nasik Press up to 31st December, 1926, was Rs. 12,41,223 and on that date the value of the unsold stocks was Rs. 50,000.

(c) The cost of experiment including all preliminary work done before the commencement of printing at Nasik is Rs. 1,67,049.

(d) No issue has proved a failure. Some waste is unavoidable in the course of production, but it would not be economical to instal an elaborate system to check the amount. It is probably much less than 2 per cent. of the total output.

(e) The estimated cost of the extension to the Press is Rs. 43,000.

(f) The Press has not been working long enough to enable an accurate estimate to be made, but the saving is not likely to be less than 33½ per cent. and may be considerably more.

I. Postal Stationery :

Single postcards.
Reply postcards.
Service postcards.
Ordinary 1 anna embossed envelopes.
Commercial 1 anna embossed envelopes.
Small Registration envelopes.
Large Registration envelopes.
Reply postcards for Patiala.
Reply postcards for Jind.
Reply postcards for Gwalior.
Single postcards for Jind.
Single Postcards for Gwalior.
Small Registration envelopes for Jind.

II. Adhesive Stamps :

(a) Postage ordinary :—Pies 3, Pies 6, Anna 1, As. 2, As. 3, As. 4, A . 8, As. 12.
Re. 1, Rs. 2, Rs. 5.

Service :—Anna 1, As. 2, As. 4.

Booklets :—Anna 1, As. 2.

(b) Court-fees—

Ordinary :—As. 12, Re. 1, Rs. 4, Rs. 5, Rs. 20.

Small Cause Court, Calcutta :—Pies 6, Anna 1, As. 2, As. 4, As. 8, Re. 1, Rs. 2, Rs. 3, Rs. 4, Rs. 5, Rs. 6, Rs. 7, Rs. 30, Rs. 50.

(c) General or Non-Judicial—

Foreign bills :—As. 2, As. 6, As. 12.

Share Transfer :—As. 4.

Special Adhesive :—As. 6, Rs. 3, Rs. 7, Rs. 9, Rs. 10, Rs. 20, Rs. 30.

Notarial :—Re. 1.

High Court Notarial :—Rs. 2.

Insurance :—Re. 1.

III. Impressed Stamps .

(a) Non-Judicial :—As. 2, As. 4, As. 6, As. 8, Re. 1, Re. 1-8, Rs. 3, Rs. 3-8, Rs. 4-8, Rs. 5, Rs. 6, Rs. 7, Rs. 9, Rs. 10, Rs. 15, Rs. 20, Rs. 25, Rs. 30, Rs. 35, Rs. 45, Rs. 50, Rs. 60, Rs. 65, Rs. 75, Rs. 90, Rs. 750.

(b) Court-fee :—Rs. 20, Rs. 25, Rs. 30, Rs. 35, Rs. 40, Rs. 50, Rs. 55, Rs. 60, Rs. 70, Rs. 75, Rs. 90, Rs. 95, Rs. 105, Rs. 110, Rs. 115, Rs. 120, Rs. 130, Rs. 135, Rs. 140, Rs. 145, Rs. 165, Rs. 170, Rs. 175, Rs. 180, Rs. 185, Rs. 190, Rs. 195, Rs. 270, Rs. 275, Rs. 325, Rs. 350, Rs. 500, Rs. 650.

(c) Copies :—U. P. :—As. 4, As. 8, As. 12, Re. 1, Rs. 2.

B. and O. and Assam :—As. 3 ordinary, As. 3 typewriting.

Bengal :—As. 4 ordinary, As. 4 typewriting.

Miscellaneous :

Oudh Civil Courts.

Legal Practitioner certificates.

(d) Hundis :—As. 9.

LATE ARRIVAL OF THE ENGLISH MAILS.

90. THE HONOURABLE SIR HAROON JAFFER: Will Government please state:

- (a) whether its attention has been called to the regular late arrival of the Mails from England and the Continent;
- (b) whether the contract with the P. and O. Company provides any penalty for such late arrivals; and
- (c) if so, what penalty?

THE HONOURABLE MR A. C. McWATTERS: (a) Yes.

(b) Yes.

(c) £100 for every complete period of twelve hours by which the period of transit is exceeded. No damages can be claimed if the default arises wholly or in part from any cause or causes beyond the control of the Company.

EXPENDITURE ON THE SEVENTH CONGRESS OF THE FAR EASTERN ASSOCIATION OF TROPICAL MEDICINE TO BE HELD IN CALCUTTA IN DECEMBER NEXT

91. THE HONOURABLE SIR HAROON JAFFER: Will the Government be pleased to state:

- (a) whether it is a fact that they have invited the Far Eastern Association of Tropical Medicine to hold its seventh Congress in Calcutta in December next;
- (b) whether the delegates to that Congress will be the guests of the Government of India;
- (c) whether the Provincial Governments are being invited to participate in the expense of the hospitality;
- (d) what will be the cost of the hospitality; and
- (e) whether the Government's hospitality will extend to all sight-seeing or only to seeing the various phases of medical activity in India?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) Yes.

(b) The foreign official delegates invited by the Government of India will be guests of Government.

(c) Yes.

(d) The cost of entertaining and transporting foreign official delegates, including that of transporting their guides, is estimated to be approximately Rs. 69,940.

(e) The detailed tour programme has not yet been settled and the Government of India are not therefore in a position to make a definite statement. Visits to important cities and other places in India will, however, be arranged principally with the object of showing the delegates the various phases of Medical activity in this country.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE
TABLE.

SECRETARY OF THE COUNCIL: Sir, in accordance with rule 25 of the Indian Legislative rules, I lay on the table a copy of a Bill further to amend the Societies Registration Act, 1860, for certain purposes, which was passed by the Legislative Assembly at its meeting held on the 15th February, 1927

RESOLUTION *RE* CONSTITUTION OF A SEPARATE SELF-
GOVERNING ANDHRA PROVINCE.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadian): Sir, I beg to move the following Resolution which stands in my name:

"This Council recommends to the Governor General in Council to advise His Majesty's Government to take such steps as may be required to constitute the Andhra (Telugu) districts of Madras province into a separate province with a full measure of responsible government."

The Resolution really comprises two proposals which are, however, inseparable. I ask for a separate province for Andhra, that is, the Telugu areas of the Madras Presidency, the districts of Ganjam, Vizagapatam, East Godavari, West Godavari, Krishna, Guntur, Nellore, Chittore, Bellary, Anantapur, Kurnool and Cuddappa, together with the northern portion of the City of Madras, which is largely inhabited by the Telugu-speaking people. This proposal, I may at once say, does not conflict with the claims of the Oriyas who inhabit portions of the Ganjam district and the adjoining territory, or the claims of the Kanadas who inhabit portions of the Bellary district and the adjoining territory, with regard to their desire to be integrated with their respective Oriya or Kanada provinces when formed. The right to such integration is conceded by the Andhras. The genuinely Telugu area alone will be constituted into a distinct province.

Secondly, I ask for a full measure of responsible government for this new province. I am aware that the Home Secretary took serious exception to combining such proposals in one Resolution, because he said that the issues raised by them were many and vast, and that such combination of issues would embarrass the discussion. He said so on the Tamilnadu Resolution which was tabled by my Honourable friend, Sir Sankaran Nair, last year. But I am unable to frame the Resolution in any other way. I must first catch my hare before I proceed to cook it. I must have a province before I formulate the form of government that I want. Again, it is no use asking for a province if it is not to possess a form of government which the people inhabiting it desire. To ask me to separate the two proposals is to ask me to do the impossible. I therefore make no apology for framing my Resolution much in the same way as my Honourable friend, Sir Sankaran Nair did last year, and I now proceed to deal with the first proposal, namely, the formation of a separate Andhra province.

The theoretical desirability of regrouping the various administrative areas in India, called Provinces, on the more rational principle of language and culture, as now proposed, has now, I believe, passed the stage of controversial politics. My Honourable friend, Dr. Rama Rau, and myself

dealt with the question very fully last year in the debate raised on my friend's proposal for the formation of a Kanada province, and cited eminent authorities in support of our view. It is unnecessary to repeat those arguments over again. The question is one which has been engaging, or ought to have engaged, the attention of the Government of India since the year 1870, when Sir George Chesney advocated the constitution of Orissa into a separate province. Again, in 1900, Sir Francis Younghusband made a strong proposal to give the Sindhis a distinct administrative existence. Other British statesmen and administrators, like Sir John Strachey, Sir Thomas Holderness, and Sir Bamfylde Fuller and some others, have distinctly advocated the idea for which I am now standing. But the most comprehensive and well considered despatch in the matter is contained in a communication sent by Lord Hardinge's Government on the 25th August 1911, in connection with the reunion of the five Bengali-speaking districts with their old province, and of integrating the Hindi-speaking population of Bihar and Chota Nagpur into another. That document is well worth perusing. The Montagu-Chelmsford Report and the Joint Parliamentary Select Committee's Report fully endorse this view in very distinct terms. It is needless for me to quote passages from those reports, because they are well known and oft quoted. The views expressed in those reports have also secured legislative approval in the shape of the provisions of section 52A of the Government of India Act, which provides larger facilities for the Governor-General in Council to constitute new provinces under certain conditions.

The Honourable Mr. Cicerar himself admitted last year that the policy of the Government of India with regard to these proposals is certainly one of "respect" and even of "benevolence". These were his words. Frankly speaking I do not like these words, because he deliberately avoided the use of the word "sympathy". To me an ounce of sympathy is worth tons of respect and even benevolence. It is therefore clear that in spite of large consensus of valuable opinion, the problem of linguistic provinces has not entered the arena of practical politics, because of the very unsympathetic attitude of the Government of India. We have therefore decided to bring this question over and over again, till the attitude of the Government of India changes for the better.

The Home Secretary last year, however, said that the Government insisted on certain conditions precedent even for the *consideration* of the proposal by the Government of India. In his own words, the conditions were :

"That the proposal shall emanate directly from the community concerned that there should be the strongest indications of a very strong measure of public opinion in that community behind the proposal, and that that public opinion ought in the first instance to be expressed through its proper primary and constitutional channel, the local Legislative Council."

I can assure the Government of India that in regard to the Andhra country many of these conditions are amply satisfied. Ever since the anti-partition agitation in Bengal was started, the Andhra sentiment for the consolidation of the cultural and linguistic unity of Andhras took a definite shape and resulted in an appreciable renaissance of their language and literary movements. The mass of literature on the subject of creating an Andhra province is indeed very large. Successive annual conferences held before the year 1917, the year of the famous announcement, under the presidency

[Mr. V. Ramadas Pantulu.]

of distinguished Andhra leaders, like Sir B. N. Sarma, N. Subbarao Pantulu, the Rajah of Panagal, Diwan Bahadur M. Ramachandra Rao, Kunda Venkattapai Pantulu and the Honourable C. V. S. Narasimharaju, laid down in unmistakeable terms the clear demand of the Andhra people in this behalf. These Resolutions were made available to the Joint Parliamentary Committee by Diwan Bahadur Ramachandra Rao, who had the kindness to present a memorandum to the Parliamentary Committee with these papers as appendices. The Telugu-speaking area of the Madras Province is 73,318 square miles. To give an idea of it I may state that it amounts roughly to six and a half times the size of Belgium. It has a population of 14 millions. The Andhras have a distinct culture and a noble heritage; they are a politically-minded and a progressive race. It is impossible that the Government of India should be ignorant of public opinion in regard to the creation of an Andhra province. The Indian National Congress has passed a Resolution demanding the creation of separate linguistic provinces, and the Honourable Sir B. N. Sarma, during his closing years as a non-official in the Imperial Legislative Council, tabled a Resolution and discussed this question with special reference to the Andhra people. If the test laid down by the Joint Parliamentary Committee, namely, that the criterion is the opinion of the representatives in the local Legislature, residing in the area concerned, then I can assure the Government of India that there is practical unanimity among the Andhra Members of the Madras Legislative Council. Then with regard to the opinion of the Local Government and the local Legislature, section 82A of the Government of India Act throws the burden of ascertaining that opinion distinctly upon the Government of India. I do not know what the Government of India have done in this matter to ascertain the opinion of the Local Government and the local Legislature. It is not for them to give an opinion unsolicited. The wording of the section, as a lawyer I may say, contemplates a move on the part of the Government of India, because it says "the Government of India, after ascertaining the opinion of the Local Government and the local Legislature," may constitute a province. Therefore, Sir, I can state without fear of contradiction that the conditions laid down by the Honourable Mr. Crerar have been amply satisfied. The claim of the Andhras for a separate existence in a province of ~~their~~ own was recently conceded in a way by the establishment of a separate university for them which has now been functioning for the last year or two. The desire for separate provinces is born of aspirations for self-expression, for the present arrangements not only impair the efficiency and good government of the province, but also prevent the upbuilding of the nation, by destroying the sub-national spirit and the homogeneity of the people and thereby rendering them weak, disunited and disorganised.

Having said so much on the first part of my Resolution, I would now say something about the second part of it, that is, the form of government that is best suited to the proposed province. The Resolution describes that form as a full measure of responsible government. I use the words "responsible government" much in the same sense in which that expression is used by the framers of the reformed constitution, of course without the limitations imposed by them upon its attainment. I have said enough on the first question to make it plain to the House that my claim for the Andhra province is part of a larger scheme for the division of India into

linguistic provinces. I do not conceive these provinces as separate independent units by themselves. It therefore must be patent to the House, that my idea is something akin to that of a federal form of government. I conceive the ultimate form of government to be a federal form of government. I also recognise that it is not possible to attain a uniform pace of progress in all the provinces, and I also concede that it would not be an immediately attainable object to start all provinces simultaneously on a fully developed self-governing basis. Nevertheless I do maintain that the goal of every province is the speedy attainment of full responsible government on a basis of *self-determination*, and not on the basis of an examination by an outside authority. My views indicate that I am approximating to a federal form of self-government. I am aware that the authors of the Montford Report fought shy of the federal form. They said :

"Granted the announcement of August, 1917, we cannot at the present time envisage its complete fulfilment in any form other than that of a congeries of self-governing Indian Provinces associated for certain purposes under a responsible Government of India, with possibly what are now the Native States of India finally embodied in the whole, which we will not now attempt But we are bound to point out that—whatever may be the case with the Native States of the future,—into the relations of the Provincial and Central Governments the truly federal element does not and cannot enter. There is no element of a pact. The Government of the country is at present one, our business is one of devolution. The Government of India must give and the provinces must receive. We must sedulously beware of the ready application of federal arguments or federal examples to a task which is the very reverse of that which confronted Alexander Hamilton or Sir John Macdonald."

With due respect to the authors of this report, I venture to question the correctness of their view when they say the federal element cannot and does not enter into the relations between the Central and Provincial Governments.

THE HONOURABLE SIR MANECKJI DADABHOY: Do you put your case higher than that of the Madras Presidency at present?

THE HONOURABLE MR. V. RAMADAS PANTULU: Yes I do, most certainly I do. However, it is not necessary for me to quarrel over that matter with the authors of the Report. I am content to take their own statement that the legitimate outcome of the reforms is a congeries of self-governing independent provinces, somehow associated with the Government of India. Such a scheme, if not a truly federal one, is at least a quasi-federal one. The provinces so constituted will possess their essential characteristics as units in a federal State. Therefore it is unnecessary to embark on a task of elaboration of any detailed scheme of constitution for them. I will only mention the barest outline of my scheme for such a province. The Government of the province ought to consist of a Governor, a Legislature and an Executive. The Governor should be a strictly constitutional Governor. The Legislature should be a uni-cameral chamber, fully elected on as wide a franchise as possible. I personally advocate universal adult franchise and wish to abolish all qualifications based on property, education or other tests. The plea in favour of universal franchise was so well put by my Honourable friend Sir Sankaran Nair last year that I do not wish to repeat his arguments and I have no time to do so. That is the only solution for the problems that confront India. I am glad to note that the *New Leader*, a labour organ, has fully appreciated the force of the plea of universal franchise. The one great obstacle to our accepting Dr. Beasant's Commonwealth of India Bill is the extremely limited and narrow franchise

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that it provides. But for that there are very many provisions in it which we Congressmen and Swarajists would have accepted. I also agree with Sir Sankaran Nair that every 80,000 voters ought to be given the privilege of sending at least one representative. Personally speaking I would prefer election on a system of proportional representation by a single transferable vote, because it provides many facilities for several communities in India to find suitable representation in the Legislatures.

I have advisedly advocated a uni-cameral Chamber, because after the most careful deliberation I have come to the conclusion that in the present conditions of India bi-cameral Legislatures for the provinces would be a great danger. I warn Indian politicians that the section of the Government of India Act instructing the Statutory Commission to report upon further advances specially asks them to consider whether it is advisable or not to introduce second chambers into the provincial Legislatures. I am aware, Sir, that in certain interested quarters attempts are already being made to foist a second chamber on the unfortunate provinces. Therefore, I hope that Indian politicians will be wide awake and see that such second chambers are not foisted upon the provinces. I say nothing about the second chamber in the Imperial Legislature, because that is now out of place—and my Resolution does not deal with that subject. Then the Executive must be undivided. All division into Reserved and Transferred subjects ought to disappear and the Executive ought to be fully responsible to the Legislature. *Thirdly*, the Provinces ought to enjoy as complete a measure of fiscal autonomy as is compatible with their relations towards the Imperial Government or with any agreement that may be arrived at between them regarding their financial adjustments. And *fourthly*, the Civil Services should be organised and recruited on a provincial basis, subject to the exception that such All-India Services as may be necessary should be recruited by mutual agreement between the Provincial Governments and the Imperial Government. As for the continuance of the Covenanted Civil Service, there is no more scope for it. It ought to be abolished immediately. The conditions under which the Covenanted Civil Service came into existence no longer exist. It was constituted at a time when the British people had to protect the people of India from the economic exploitation of Foreign merchants, to protect the people from alien oppression, and also to bring out young Englishmen in order to train them for the task of governing India. These conditions no longer exist, and there is therefore no reason for the continued existence of the Covenanted Civil Service. I do not propose to say anything about the Government of India, except that it also should assume a full measure of responsibility to the Legislature; about its relations with the British Parliament and with the Secretary of State I will not say anything here. I advocate that the defences of the country as a whole should be within its exclusive province.

Now, I am sure that the spokesman on the Government side will make it a grievance that I have brought in the issue of Swaraj by a side-wind and that a multitude of issues covering a vast field are jumbled up in one Resolution but the fault is not mine. The Government of India have put themselves in a very awkward position by giving us a constitution which is so fundamentally defective in its structure that the reform of it

in any direction cannot be advocated without challenging its basic principles and upsetting the structure as a whole. It is so ill-conceived that tinkering with it is of little use. It has to undergo radical alterations and I cannot therefore help raising vast issues. I do not wish to take up the time of the House any longer; and with these words I beg to commend my Resolution to the acceptance of the House.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, I do not want to give a silent vote on this very important Resolution and I welcome the Resolution which has been so ably put forward by the Honourable Mover. I welcome it all the more because of this reason. It may be remembered that last year during the Delhi Session my Honourable friend Sir Sankaran Nair and I tabled a Resolution for a Tamil Province on these lines. It was on the eve of the walk-out of the Party which regards the Honourable Mover as its leader; and I found at the time that some of these Swarajists were inclined to laugh at the idea of our tabling a Resolution of this kind before the Council. I am glad to know, however, that time has wrought a change in the Swarajist mentality and a welcome change, and it is gratifying to learn that our friend the Honourable Mover has thought fit to follow our example and has responded to our appeal to other Honourable Members to bring forward similar Resolutions for their own respective provinces.

With these remarks, Sir, I shall deal very briefly with some of the aspects of the case which appeal to me when the question of constitutional advancement for the Andhra race is to be considered. Sir, in this connection I want to refer to the words of sympathy with the political aspirations of the people of this country which His Excellency Lord Irwin gave utterance to at the opening Session recently of the Legislative Assembly, and it is this sympathy, genuine sympathy I would say, for the political aspirations of the people of this country that has wrought a wonderful change in the minds of political leaders of all shades of political opinion in this country; and there is a widespread feeling of contentment and a feeling of confidence and hope for the political future of India. Sir, I am one of those who think that India is fit without any further tests for full responsible government in the parliamentary sense, and should Parliament think fit to examine the question as a plain question of practical efficiency, I think evidence will be abundantly forthcoming to justify the demand of this portion of Madras for full responsible government in the parliamentary sense. This portion, Andhradesa, as well as other portions of the Presidency, has responded fully to the invitation of Parliament to co-operate in the working of the Constitution.

THE HONOURABLE THE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB, BAHADUR OF BURDWAN: On a point of order, Sir. May I inquire if it is your desire that the whole question of responsible government for the whole of India is to be taken for discussion under this Resolution?

THE HONOURABLE THE PRESIDENT: I have been hoping that Honourable Members would not turn this debate into one on a question of constitutional reforms for the whole of India. To explain the Resolution as it stands, it was necessary for the Honourable Mover of the Resolution to indicate what he understood by responsible government. But I hope that Honourable Members will, as far as possible, refrain from putting

[The President.]

forward their arguments in favour of the grant of full responsible government to India as a whole. If the Honourable Member can adduce arguments to show why this particular portion of the present Madras Presidency should be entitled to receive the form of government which is advocated in the Resolution, the Council will be glad to listen to him.

THE HONOURABLE MR. P. C. DESAI CHARI: Sir, I wanted only incidentally to refer to it in one brief sentence and I do not propose going over the ground hereafter as regards the question of full responsible government for the whole of India. I began with an apology and I think it is in the fitness of things that I should explain my position before coming to the main Resolution. Sir, I was referring to the co-operation and the response to the invitation of working the reformed Constitution and how readily that invitation was responded to by the Andhras as well as the non-Andhras of the Madras Presidency. I may refer in passing to the fact that in the first local Council of the Madras Presidency the reformed Constitution, so far as the Transferred Subjects were concerned, was worked by three Ministers who were all of them Andhras including the Chief Minister, and they got nothing but praise from the Secretary of State, from the Government of India, from the Reforms Inquiry Committee and from all people who had an opportunity of examining the working of the Act in that particular province. In the second Council also I find two of the Ministers, including the Chief Minister, were from the Andhra province and the fact that they worked the reformed Constitution in a spirit of goodwill and with such great success shows that the Madras people including the Andhradesha people understood fully the creaking machinery which was granted to them under the Reformed Constitution and they worked it without breaking that machinery which was handed over to them though it was creaking. This province, Sir, is peculiarly fitted like the Tamil Nadu to get responsibility at an early date. This province is particularly free from the Hindu-Muhammadan problem which disfigures the political horizon in Hindustan. Then, the wave of extremism which swept over the whole of India only caused a gale of slight to moderate intensity in this Andhradesha and that was only a passing phase which passed off in a short time and there was smooth sailing in the Andhra waters ever afterwards; and greater evidence than the fact that these Andhra people co-operated with the Ministers in the Legislature is not necessary for advocating the cause of the Andhras for a province with complete self-government. Then, Sir, it may be said that there is this problem of Brahmin-non-Brahmin in the Madras Presidency. But I submit that this problem which at one time threatened to disfigure the political atmosphere has blown over and the Brahmins and non-Brahmins have come to realise that they can better achieve their goal by uniting and they have proved by their conduct that this aspect was only a passing phase. Then, Sir, coming to the question of political consciousness, those essential qualities inborn of political-mindedness, we find these Andhra people are a race, enthusiastic, politically-minded and sufficiently cultured to be in a fit position to be entrusted with the duties of administration in a really parliamentary sense. I, as a person coming from one of the districts bordering on the Andhradesha, can speak with some personal knowledge about the Andhra people, who are really people politically well advanced to deserve an advanced constitution. Sir, the question of depressed classes, which is a problem in some

parts of the Madras Presidency, has not assumed an acute aspect in this part of Madras and the members of the depressed classes, at any rate the leaders, have come to realise that their salvation lies in full complete responsible government for their own province. Then, Sir, I would urge that the geographical position of this Andhradesha as well as of the Tamil Nadu completely frees these parts of India from those complications which are incidental to provinces on the North-Eastern or North-Western border.

I submit, Sir, that it has been abundantly proved that this part of India, the Andhradesha, is sufficiently well advanced, and in the words of the Raja of Panagal in a letter which is appended to the Muddiman Report, I would say that what was expected to be taught in ten years was taught in three years and they had a further probation of four years like all the other provinces of India; and I for one would be disappointed if the enthusiasm of the people of this province should be damped by a refusal of the grant of well-deserved political advancement. With these words, Sir, I heartily commend this Resolution for the acceptance of the House.

THE HONOURABLE MR. F. B. EVANS (Madras: Nominated Official): Sir, as the Honourable Mover has explained, the Resolution really embraces two separate subjects which I think it would be convenient to deal with separately. The first is the question of the partition of Madras and the carving out of a new Telugu province, the second is the question of conferring on this province a full measure of responsible government. I do not wish to deal with the second question. As the House is aware, whether the people of Madras as a whole or the Telugu people in particular have proved themselves during the last six or seven years fit for a full measure of self-government is a question to be decided by the Parliament of Great Britain, on the advice of the Statutory Commission which is to be appointed before very long; and even if it were appropriate for this House to discuss that question now, I think it is obviously a question of sufficient importance to deserve discussion on a specific Resolution. The Honourable the Mover explained the framing of his motion on the ground that if he was not allowed to catch his hare he could not explain how he wanted to cook it. Well, I venture to hope that the House will not allow him to catch his hare, and if that is so, how it is to be cooked hardly seems to arise. I shall therefore confine my remarks to the first question, that is, whether there have been any real grounds advanced for separating the Andhra district from the Madras Presidency. *Prima facie*, of course, any proposal to create a new province must commend itself to the bureaucrat. New provinces mean new Government appointments, new prospects of promotion, and for a person like myself, who is a provincial Secretary, a smaller degree of complexity in the work one has to do. Also the proposal is in accordance with the old maxim *Divide et impera* which is supposed to be so dear to the heart of a bureaucrat. But in spite of temptation I feel bound to oppose the proposal both on its merits and because it is premature.

The proposal is, as the Honourable Mover explained, an old one, and he also explained the attitude which the Government of India have taken up towards such proposals when moved in the Central Legislature before. I may repeat briefly what that attitude is. It has been stated that the Government of India are not prepared to move in such matters or to consider them until they have been thoroughly threshed out

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in the province concerned, and until they are sent up by or through the Local Government with a clear expression of opinion on the part of the majority of the people who reside in the area which it is proposed to separate. The Honourable the Mover has not been able to assure this House that although a similar proposal was made in the Central Legislature five years ago any specific Resolution on the subject has yet been moved in the local Legislature. He has explained that the proposal has received considerable support in the Andhra country, but he has not, I think, convinced us that there is any such unanimity of opinion on the subject as he would have us believe. I cannot claim myself to have any great acquaintance with the Telugu country. My service has been almost entirely in other parts of the Madras Presidency, but there are two Honourable Members in this House who come from the Telugu country. One is the Honourable Mover, whom we have heard already, and the other is Raja Ranga Rao Bahadur of Bobbili. I shall be surprised if he rises to support the Resolution.

Another reason why I venture to think that this proposition is premature is the practical reason of finance. Any proposal to create a new province must clearly involve very considerable extra expenditure, both initial and recurring. I do not think anyone will deny that. As the Honourable Mover explained, the new province will be a big and important one, and will not likely be satisfied with less elaborate machinery than is enjoyed by other provinces of similar importance. I do not think that people always sufficiently recognise how great is the extra burden that is thrown on provincial finances by having to meet the expenditure for the machinery required by the new reformed constitution. The Government of Madras last year had considerable difficulty in balancing their Budget, and if we may believe expressions of opinion from all sides of the House in the Madras Legislature, they only succeeded in doing so by starving the Transferred departments. I do not know what the position is this year, but I do know that the last N. E. monsoon was very bad, and there have been rumours of scarcity from a large part of the Madras Presidency. Anyhow I think I can say without fear of contradiction that the crying need in Madras is the allotment of funds for the improvement of agriculture and irrigation, for the extension of education, for the development of industries, for the improvement of hygiene, and I venture to say that until the Government of Madras is able to devote sufficient funds for these purposes, any proposal which involves increased expenditure on administrative machinery should be out of the question. The day may come, of course, when the Madras Government is able to comply fully with the demands of its Ministers and still show a surplus, but that happy day is not yet in sight, and I venture to think that until it is in sight any such proposal as this must be considered premature.

I might refer to other practical details which must create difficulty in working out such a proposition as this. The Honourable Mover has referred to Bellary. It is one of the districts which he would include in the new province, but as he himself said, the district of Bellary is very largely Canarese, and he has not explained how he proposes to divide it. He has not explained where he will put his new capital. Questions of this sort, of acute controversy, loomed very largely in the discussions in the Madras Legislature on the Andhra University Bill. No doubt I shall be

told that these are questions of detail which can properly be dealt with when once the main principle has been accepted. But I venture to think that they are questions of such importance and of such complexity that this House can reasonably demand that they should be thoroughly threshed out locally before such a proposition as this is placed before it. This therefore constitutes another reason for holding this Resolution premature.

Lastly, a few words on the merits and principles of the proposal. I found it somewhat difficult to follow the line of argument of the Honourable Mover, but his position seems to be roughly more or less as follows. The Madras Presidency is what he would call a haphazard conglomeration rather than a natural unit of administration. A natural unit of administration is an area inhabited by a single people bound together by a common tradition, culture and language, and unless provinces are confined to such natural units, there must be administrative inefficiency; also the growth of subnational spirits must be hampered that is fatal to the growth of Indian national patriotism.

Well, Sir, so far as the eleven districts which he would constitute into a new province are concerned, I am not sure whether there is really any such common bond of tradition or culture as is commonly assumed. I do not claim to be an authority on the Telugu districts, but I am not aware that these eleven districts have in fact ever formed a single political entity. Also I venture to doubt whether there is any more real cultural affinity between, say, a Godavary Brahmin and a Chittoor Reddi than there is between a Godavary Brahmin and a Tanjore Brahmin. I think

12 Noon. therefore that really the only point of unity in this proposed new province would be that of language, and that seems to me to be an insufficient basis for a political edifice. But waiving this point, I would ask whether there is really any proof that 'the Telugu country and the Telugu people have suffered in development by their incorporation in the Madras Presidency, or whether the development of the Andhra spirit has suffered. I venture to think that the facts point otherwise. At least the Mover has not brought before the House anything to establish such a contention. In days past the Telugu country got two of the most magnificent irrigation schemes in the whole of India. Recently, as the Honourable the Mover has said, they have obtained a separate university for themselves. In the first two Governments under the Reforms in Madras, as the Honourable Mr. Chari told us the majority of the Ministers were from the Telugu country. The Leader of the Opposition was and is from the Telugu country, and any one who troubles to read the record of debates in the Madras Council will, I think, be satisfied that Telugu questions have received at least their due meed of attention. Also, as the Honourable the Mover told us, the development of what is called the Andhra sub-national spirit has certainly not suffered in recent years from the present constitution of the Madras Presidency. Whether a development of such sub-national spirit is really an essential to the favourable growth of a greater Indian national spirit is a matter on which I think there may be some difference of opinion. No doubt slogans such as "Andhradeva for the Andhras" are always popular and were perhaps unusually fashionable in the years immediately succeeding the War, but I venture to think that history affords little warrant for the view apparently held by the Honourable the Mover that a nation is strengthened by being divided up into sub-nations with home rule, or to put it otherwise, that a sub-nation¹

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is hampered in its growth by being incorporated in a wider political organisation. The history of ancient Greece and of modern Italy seems to point a different lesson, and if I may come nearer home, we may perhaps take the case of Scotland, if the Scotch will pardon me for applying to them the horrible term sub-nation. I do not think the Honourable Mover would seriously maintain that the Scotch have suffered morally or materially or intellectually because of the formation of the United Kingdom, nor do I think that he would seriously argue that, if the Scotch had been given home rule, they now would have been more patriotic British subjects. I think he would really agree with me that it is more reasonable to hint that the association of the Scotch with London and Westminster has been of no less advantage to Scotland than to the United Kingdom as a whole; and I am bold enough to assert that the association of the Telugu with Madras has been no less beneficial to them than it has been to the Madras Presidency as a whole; and I can see no reason why it should not continue to be so. For such reasons, Sir, I hope that the House will have no hesitation in rejecting this Resolution on its merits no less than because it is premature.

THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB BAHADUR OF BURDWAN (Bengal: Nominated Non-Official): Sir, national sub-consciousness is one of those things that no sensible man can flout. But what has been disappointing to me to-day in this debate so far is that the Mover of the Resolution has really made out no case for robbing Peter to pay Paul. On the other hand, I must say that the official Member from Madras could have put his case much more strongly than he did on the one essential ground, namely, if Indians in different parts of their country want to have the luxury of smaller sub-divided provinces, they must come forward before a body like this to say that they are prepared to put their hands into their pockets and to tax themselves to maintain their provinces. We have not been told what would be the effect on the rest of the Madras Presidency if the Andhra province was constituted as a separate province and carved out of the present Madras Presidency. I do not want to go into the question as to whether the fortunate people in Andhra have now reached that Arcadia for which every politically-minded Indian seems to pine, namely, full responsible government. All I want to say is this to the Mover of the Resolution and his supporter, that in view of the Parliamentary Committee coming out before 1929 or thereabouts, they would have a very much stronger case to put forward before that Committee if they were able to convince that Committee that they had done better than the rest of the Province of Madras and that they had carried out the object of the Reforms as was intended by the authors of those Reforms. I would therefore advise my friend Mr. Ramadas Pantulu not to press his Resolution here to-day because, in the first place, as I say no convincing argument has been put forward as to why this extravagance of another Legislative Council and other paraphernalia that go with the constitution of a province should be given to the Andhras. From what the Honourable Mr. Evans told us there is a great deal to be said for the view that the Andhras have not suffered very much up to now. I do not say they are not suffering; I am sure they want more power and more liberty, but, as I say, it would be better for the Mover of this Resolution to wait until the Parliamentary Committee comes out, and for that reason I would advise the Mover of this Resolution to withdraw it.

THE HONOURABLE DR. U. RAMA RAU (Madras: Non-Muhammadian): Mr. President, I rise to make a few observations on the Resolution before the House. Sir, the reformation of the Provinces on a linguistic basis wherever practicable with a full measure of autonomy in local matters with a view to the realization of a Federated India in due course of time is the ideal, and the ultimate goal, to which we are being led in gradual and safe stages by the Grace of God and under the fostering care, supervision and control of the British Government. The Resolution of my Honourable friend is therefore in accord with the ultimate aim all have in view, but all whose judgment can get the better of their inclinations will admit that it is too premature, too far in advance of the times to ask and to wish for the Andhra districts of the Presidency to be constituted into a separate Province enjoying a full measure of responsible or self-government. The claims of the Andhras for the special treatment asked for have not been made out. Perhaps they would not bear examination. A full measure of responsible government cannot be had without a revision of the Government of India Act and its revision and amendment by the British Parliament for satisfying the wish contained in the Resolution before the House are scarcely to be expected, even granting for the purpose of argument that the people of the Andhra Districts are fit and advanced enough to be entrusted with full responsible government. I do not propose to dwell further on this part of the Resolution, for the obvious reason that it is too large an order at present.

Sir, I think it will well be within the law to constitute the Telugu districts into a separate Province, but the various adverse features and circumstances that stare one in the face put the proposition for the present out of the pale of practical politics. The revenue that may be released by the separation of these districts from the Madras Presidency would prove to be too small for the good and efficient administration of the new Province by an honest and well-paid staff, let alone the enormous initial expenditure that the change involves in various directions. To hope to run the show with the present available resources is to court disappointment. Fresh taxation will therefore become necessary, and that perhaps is a contingency of which no notice has been taken—I am persuaded that the people are not willing to agree to further taxation for the very adequate reason that their existing resources would not admit of it. These, I submit, are factors of which due note should be made in arriving at a decision on the Resolution before the House.

THE HONOURABLE RAJA SRI RAVU SWETACHALAPATI RAMAKRISHNA BAHADUR RANGA RAO, OF BOBBILI (Madras: Nominated Non-Official): Sir, I am in entire agreement with the views and sentiments expressed by my Honourable friend Mr. Ramadas Pantulu in regard to the formation of a separate Andhra province. The redistribution of Provinces on a linguistic basis is an old cry and a long-standing grievance. I have already said enough on this subject last year when I moved my Resolution for the formation of a separate Kanada Province, and I do not, therefore, want to weary this House by traversing the whole ground again to-day. Public opinion is so keen and so resolute in this matter, that year after year, this question has become one of the main planks in the Congress and other public platforms. Viceroy's downwards have spoken in sympathetic terms of this movement and Sir Frederick Whyte, in his book on India's Reformed Constitution, says that language is an important factor in connection with national unity in India. At present, the Andhras, the Karnatakas and the

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Oriyas are the only three aspirants for separate Provinces. So far as Andhra is concerned, the way has been paved already for its formation as a separate Province, and what now remains to be done is only to give the finishing stroke to the scheme. Public feeling has been sufficiently gauged and their opinion abundantly gathered a separate University for the Andhras, which may be said to be the forerunner of this movement, has been already established and the Andhras, as a Telugu-speaking community, form a compact homogeneous race living in one contiguous territory. The financial problem involved in the separation is not insurmountable either, as the tract is one flowing with milk and honey and the people would not grudge any extra burden that might be involved. So, all the requisite conditions have been fulfilled and there can be no more objections, no more thorns placed in the way of the Andhras getting a separate Province for themselves. The Resolution further asks for a full measure of responsible government for the would-be Andhra Province. This is a modest and reasonable request and nothing short of an autonomous Andhra Province will satisfy their ambition. Now that the Statutory Commission is going to come, the question of redistribution of Provinces on linguistic basis may be taken up immediately and in right earnest and solved to the complete satisfaction of the Andhras, Karnatakas and Oriyas, so that this old sore may be completely healed up and no trace of it left for further troubles and further castigation. With these words, Sir, I heartily support the motion.

THE HONOURABLE MR. H. G. HAIG (Home Secretary): Sir, my task this morning is very much lightened by the full and, if I may say so, admirable statement of the case against the Resolution which has been made by my Honourable friend Mr. Evans. As he explained, the Resolution falls into two parts. There is what I take to be the really substantive and operative part of the Resolution asking for the constitution of a separate Andhra province; and tacked on to it there is a request that a full measure of responsible government should be granted to the province so constituted. My Honourable friend the Mover tried to explain how it was that this tail was attached to his Resolution. I confess I do not understand the relevancy of it, and it appeared to me that he admitted that it was a mere pendant. What has struck me in listening to the speeches made this morning in support of the Resolution is that the tail was developing a tendency to wag the dog! I propose however to confine myself in the main to what I take to be the main Resolution.

The general theory on which this proposition for the constitution of new provinces is based is one that I think commands—if I may venture on such a dangerous word—the sympathy of the constitutional theorist. It is clear that when we are attempting to introduce into India new methods of government based on democratic theory it should be easier to develop and express a general public opinion where the units concerned are comparatively small and homogeneous. One of the great difficulties with which India is faced is the enormous diversity of interests, and, from this point of view, I can well understand that the Honourable Members who inhabit an area which they believe falls naturally into a single unit should wish to develop it in practice into such a unit. There is, as the Honourable Mover explained, good authority for this theory. We find it stated in the Montagu-Chelmsford Report and repeated in the Report of the Joint Select Committee; and I would like to make it plain that the Government of India are not hostile to the theory, but their view is that any proposal of

this nature must be examined most carefully. Their attitude in fact is one of neutrality. While the theory in general is attractive, there are certain obvious limitations on its practical application. The first condition is that the Government must not act in advance of, or in opposition to, public opinion. It has therefore been laid down very clearly that, before the Government of India can consider any such proposal, they must be satisfied that there is a real popular demand, and that popular demand they may expect to find voiced in the local Legislative Council. I listened with some attention to my Honourable friend the Mover's remarks on this point because he was well aware of this argument which has been advanced by previous speakers in previous debates covering the same subject, but while he read out an imposing list of names and mentioned Resolutions which had been passed by various Conferences, I could not gather from him that there had been any Resolution passed by the local Legislative Council favouring this proposal. In fact my Honourable friend Mr. Evans, I understand, says definitely that there has not been any such Resolution. Well, Sir, I think this weakens the case of the Honourable Mover very much. I can hardly believe that if there were a strong local feeling in Madras that that feeling would not have found expression in its natural channel, the local Legislative Council. I was also surprised when my Honourable friend referred to the Government of India Act and said that its terms showed that in this matter the initiative rested not with the local Council or the local people but with the Government of India. I turned up the Report of the Joint Select Committee in accordance with which the Government of India Act was framed, and there I read with reference to clause 15 :

"They do not think that any change in the boundaries of a province should be made without due consideration of the views of the Legislative Council of the province."

I think it is quite clear, Sir, that the framers of the Government of India Act contemplated that the initiative should come from the local Council and the people immediately concerned. Well, Sir, the proposal is possibly one which may commend itself, as I said, to constitutional theorists, but we have to consider the force of tradition, a force which is nowhere stronger than in this country. What assurances have we that this scheme which may be attractive to my Honourable friend the Mover would really be appreciated by the masses of the people in this projected Andhra province? We know that schemes of partition and sometimes of amalgamation are devised by administrators or constitutional theorists and when they assume practical shape they meet with very strong popular opposition. I need hardly remind the House of numerous instances. The word "partition" has an ill-omened sound in certain parts of India. Therefore, we must be sure before we move at all in this matter that there is really a strong popular sentiment in favour of the proposal, and that I maintain we have not got. Then, again, Sir, there are other considerations which have to be taken into account. Though the tie of language may be an important one, there are other ties; there are ties of trade and commerce; there are ties of administration. We must not lightly break these ties without counting the cost. And finally, as my Honourable friend Mr. Evans explained, there are the financial difficulties. It is true that Honourable Members when speaking enthusiastically in favour of some proposition of their own are inclined to brush on one side considerations of finance and to assert that the people are perfectly prepared to pay for what they want, but I have observed, Sir, that when it comes to an actual practical proposal of taxation the people of India are no more anxious to

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tax themselves than people elsewhere. The conclusion, Sir, is that in this matter the Government of India are not yet in a position to take the initiative. The proposal is one of a very far-reaching nature. It appears to be in fact part of a scheme for dividing Madras into three. I notice that these Resolutions which are repeated in a recurring cycle in the Central Legislature deal with three different parts of Madras. We first of all have a Resolution for an Andhra province, then for a Kannada province, then for a Tamil province; then we start the cycle again with a Resolution for an Andhra province. I do not quite understand, Sir, why we do not have one combined Resolution, so that Madras may finally and effectively be partitioned into three. Is it that there is not really agreement, local agreement, on this scheme and it is easier to put up a proposal for one part with the expectation that the inhabitants of the other two parts will not consider themselves immediately concerned? In any case, Sir, I would suggest to my Honourable friend the Mover that the first course, if he wishes to get his proposal considered, is to obtain what he has not got, and that is unequivocal local support; then he will be in a position to approach the body which after all everybody must recognise, is the only body that is likely to give proper consideration and a decision in the matter, and that is the Statutory Commission.

I do not propose, Sir, to argue the question of self-government for this hypothetical province. I think it is hardly a practical proposition that this Council should spend its time in devising a constitution for a province which may very possibly never come into existence. In any case it would clearly be impossible to consider the constitution for a single province without entering into the difficult questions of its relations to other provinces and to the Central Government. This again is a matter which must come before the Statutory Commission, and I submit, Sir, that it is no use working away at a little corner of a building until we have decided on a plan for the whole, and that can only be done after the Statutory Commission has come out here and has considered the needs and wishes of all parts of India and submitted a comprehensive plan for the whole. I submit, Sir, that the Resolution is premature, that the conditions which the Government of India have always laid down as precedent to considering any action such as is suggested by the Honourable Mover have not been fulfilled, and I hope the House will not support the Resolution.

THE HONOURABLE SIR SANKARAN NAIR (Madras : Non-Muhammadan) :
Sir, I have to congratulate the spokesman of the Government on the very great progress which has been made by the Government in this matter. Last time when I moved a similar Resolution for the Tamil country there were objections in principle which were put forward against my proposal, but if Honourable Members this time have listened carefully to the speech made on behalf of the Government they will find that the objections raised are not objections in principle; in fact they have all been practically accepted. But there are objections to the effect that the question which has been raised requires fuller consideration and it is only after such consideration and after the Royal Commission have considered it that the prayer can be complied with. Well, Sir, what is it that he expects us to do, those of us who entertain these views? We have come forward and spoken on behalf of the Telugus, and we have ascertained that the people of the country want this separation and want it very badly. They are very keen on it, they are sincere about it.

Their present status interferes with all their aspirations. They are not able to do all that they want for themselves. They are not able to do all that they want for the Empire; with Home Rule their efforts will be more useful to the Empire. The Honourable Member says—that Government should not move until they are quite satisfied that the people want separation. Whoever denied that? We accept the truth of that statement in its entirety. But we say that the people want it. How can we satisfy the Government? Will they appoint a Committee? Day after day we find committees and commissions appointed. We undertake to satisfy the Government, if they appoint a committee, otherwise what steps will the Government take to satisfy themselves that the people do want it. We say, let them take any steps they like, and they will be satisfied that there is an absorbing passion almost in the country for the measure, not only for the measure that my Honourable friend Mr. Ramadas Pantulu advocates, but for something stronger. They have only to ask for the evidence, the evidence will be forthcoming. How is that evidence to be given unless the Government provide the machinery for it?

THE HONOURABLE MR. H. G. HAIG: Our position is that there is no *prima facie* evidence that local opinion is sufficiently strong for the Government of India to take action.

THE HONOURABLE SIR SANKARAN NAIR: I thank the Honourable Member for his suggestion. Let him read the reports of the meetings held all over the country, meetings in the Andhradesha; they will find such evidence. Let them ask the Government of Madras if there is *prima facie* evidence of that feeling. I say that the report of the Government of Madras can only indicate one thing, that is that the popular feeling is there. We think it is the duty of the Government of India to satisfy themselves whether there is such a feeling or not. If they think there is no such feeling, well that is the end of it.

The Honourable the Home Secretary says that this question has not been brought forward before the local Legislative Council. That is perfectly true, but this suggestion was made with reference to the partition of Provinces to continue under the existing systems of government or administration. What we ask for is the creation of a separate Home Rule Government. There is no Legislative Council in the Telugu district. There is a Legislative Council for the whole of the Madras Presidency, in which the Telugu people are outnumbered. You will not get the opinions of the Telugu people from the Legislative Council of Madras, where you have not the Telugus only but the Canarese and a number of other nations or races, and where different conditions prevail with different classes. I will not dilate upon this, but pass on to the other arguments.

A good deal was made of the point that we have not considered the financial aspect of the question. Have not we? The financial aspect is the one thing which we have considered. The people of Telugu are not only in favour of taxation, but in favour of developing their Desha, on every side, industrial and agricultural. What happens now? The Telugu or Tamil or Malayam districts may contribute money. Where does it go to? It goes to the Provincial Fund or Imperial Fund for the benefit of other provinces. You cannot evoke the patriotism of

[Sir Sankaran Nair.]

people and ask them to raise large sums of money when they know that it will be spent on schemes of which they do not approve. But when you have a province with Home Rule they will be willing to spend much more on that province than they are willing to spend now when they know that the money raised by taxation is spent for purposes which they do not approve of. It may be spent on the army or the navy, or for similar purposes. You cannot evoke the loyalty of a country unless you tell them that the money is to be spent according to their own wishes and for their own purposes. Do you mean to say that if we had Home Rule that India's response during the late War would have been what it was? Every province would have supplied more money and men in larger numbers. I say that for the safety of the Empire, for the development of the country, it is essential that you must have Home Rule for provinces on a cultural and linguistic basis, if you are not prepared to give it to India. You thus evoke the patriotism of the provinces for their own good and for the good of the country.

You say that a committee is going to come. We know that there are always committees and commissions going to come. But suppose you take up the question now and make the necessary enquiries which you will not be able to make when the Commission comes. It will take two or three years for the Government of India to submit the results of their investigations. You will be able to get the evidence you want in two years' time in order to show how each province should be constituted. The enquiry will have to be exhaustive and extensive. All those details cannot be gone into afterwards. The last time when the Montagu-Chelmsford enquiry was taken up we know what efforts were made. It was the indefatigable zeal and the unconquerable will of Mr. Montagu that carried it through. Under ordinary conditions those enquiries would have taken years. That it was gone through in a short time was due to the energy of one man. We will not find such a thing again. I do not think it possible under an ordinary government. But if you take up the enquiry now, in the course of two years you might be able to do something.

THE HONOURABLE MR. V. RAMADAS PANTULU: Sir, my task is considerably lightened by the very careful manner in which my Honourable friend Sir Sankaran Nair has answered the objections raised on behalf of Government.

I am thankful to the Honourable Mr. Evans for the self-denying ordinance he imposed upon himself and the members of his service by foregoing the openings which will follow in the wake of a new Andhra Province purely in the financial interests of the Andhras. But I am not convinced by his arguments. First of all he said there was no unanimity for the demand, and in support of that statement he cited the Raja of Bobbili against me. If the test of Andhra public opinion is Ramadas Pantulu *versus* The Raja of Bobbili, I quite agree he is right. But that it is a poor test even this House cannot doubt. The Maharaja of Burdwan said that the Honourable Mr. Evans might have urged against me stronger arguments. I am very glad the Maharaja is not in charge of the Department because he wants to out-Herod Herod.

With regard to the financial aspect of the matter the Maharaja of Burdwan complains that I have not said much; but if that were his only

trouble I can assure this Council that if the Andhra province had a Government of its own it would have developed its latent resources very much faster and would have been one of the richest provinces. If only the Central Provinces were linked up with the east coast at Vizagapatam the results would have been astonishing. If the province has not developed, it was because of the inefficient administration at Madras, which is a heterogeneous one, unable to deal with problems of development adequately. All that the Honourable Mr. Evans was able to point out in proof of its development was that the large irrigation schemes of the Krishna and the Godavari were there. I quite agree they are there; but it is not because it is the Andhra country but because the rivers are there. They could not go in for irrigation schemes in the desert of Sahara. Therefore no credit is due for developing Andhradesha, because of these irrigation schemes. The only other thing he has put forward is that three gentlemen from Andhra districts have been till recently Ministers of the Madras province and that Andhras did not suffer by association. I am really sorry for those Ministers. Andhras were not proud of their three Ministers, because they were Ministers with whom the people of my province would not sup with the longest spoon and I would not care to touch with the longest stick. They were people who unsuccessfully tried to work dyarchy on bitter communal lines. Therefore, there is no use saying they were people who advanced the cause of Andhras. They were not acceptable to the Andhra people, they were the creatures of the bureaucracy. Some of the remarks of the Honourable Mr. Evans were really surprising. When listening to them I was thinking I was living in prehistoric days. I hardly think Mr. Evans knows anything about the Telugu country or its culture. I gave enough references to literature on the subject and I did not want to weary the House by reading extracts from them. If Mr Evans reads the literature to which I have given references he will feel convinced that his statements are not correct.

One word more, Sir, and I am done, and that is in regard to the attitude of the Government of India as explained by the Honourable Mr. Haig. We seem to have made doubtful progress; from the attitude of "*respect and benevolence*" we have reached the stage of "*non-hostility and neutrality*." Whether this is a change for the better or worse I am unable to say at present. But one thing I have been definitely told; the Government will not take the initiative. If non-officials take the initiative and ascertain the public opinion in the particular part of the country, the Government say the opinion is not unequivocal. When they are the sole judges of the position and we make assertions which they refuse to accept there is really no way out of the difficulty. In a matter like this I do not think it would be possible for the advocates of this side to convince the advocates of the other side. A man to be convinced ought to take some initiative in an inquiry. When he does not do so it is not possible to convince him. I have taken the initiative and canvassed a mass of valuable opinion but the Government of India say that they will not take any trouble to test it and that they are not convinced. This is hardly a fair attitude for the Government of India to assume. I therefore hope they will change their neutral attitude and take an active initiative to ascertain the opinion of the people concerned by whatever means they consider best and try to examine the whole question in a more sympathetic spirit. I want sympathy, I want

[Mr. V. Ramadas Pantulu.]

practical sympathy. When the Statutory Commission comes out we cannot manufacture evidence all at once. Every one here says wait for the Statutory Commission. Supposing it is coming, what is it to base its recommendations on? Are no enquiries to be made before it comes out? Are we not to prepare the material from now or is it to be manufactured in the short time the Commission can spend in India? These large problems and vast issues must be faced by the Commission and it is the plain, honest duty of the Government of India to make inquiries, to collect materials and prepare the provinces for further advancement if they are sincere in their professions. With these words I once more commend the Resolution to the House.

THE HONOURABLE THE PRESIDENT: The question is that the following Resolution be adopted:

"This Council recommends to the Governor General in Council to advise His Majesty's Government to take such steps as may be required to constitute the Andhra (Telugu) districts of Madras province into a separate province with a full measure of responsible government."

The Council divided:

AYES—11.

Desika Chari, The Honourable Mr. P. C.
Govind Das, The Honourable Seth. Jaffer, The Honourable Sir Haroon. Khaparde, The Honourable Mr. G. S. Mahendra Prasad, The Honourable Mr. Ramadas Pantulu, The Honourable Mr. V.
Rama Rau, The Honourable Rao Sahib Dr. U.

Roy Choudhuri, The Honourable Kumar Sankar.
Sankaran Nair, The Honourable Sir Chettur.
Sinha, The Honourable Mr. Anugraha Narayan.
Zubair, The Honourable Shah Muhammad.

NOES—28.

Bell, The Honourable Sir John.
Bijay Chand Mahtab, The Honourable Maharajadhiraja Sir, of Burdwan.
Brayne, The Honourable Mr. A. F. L. Charanjit Singh, The Honourable Sardar.
Commander-in-Chief His Excellency the.
Corbett, The Honourable Mr. G. L. Dadabhoy, The Honourable Sir Maneckji.
Das, The Honourable Mr. S. R. Evans, The Honourable Mr. F. B. Forest, The Honourable Mr. H. T. S. Golan Mustafa Chaudhury, The Honourable Maulvi.
Gray, The Honourable Mr. W. A. Habibullah, The Honourable Khan Bahadur Sir Muhammad, Sahib Bahadur.
Haig, The Honourable Mr. H. G. McWatters, The Honourable Mr. A. C.

Mehr Shah, The Honourable Nawab Sahibzada Sayad Mohamad.
Misra, The Honourable Pandit Shyam Bihari.
Nawab Ali Khan, The Honourable Raja.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Ranga Rao, The Honourable Raja Sri Ravu Swetachalapati Ramakrishna Bahadur, of Bobbili.
Singh, The Honourable Raja Sir Harnam.
Stow, The Honourable Mr. A. M. Swan, The Honourable Mr. J. A. L. Symons, The Honourable Major-General T. H.
Tek Chand, The Honourable Diwan. Thomas, The Honourable Mr. G. A. Umar Hayat Khan, The Honourable Colonel Nawab Sir.
Wacha, The Honourable Sir Dinshaw Edulji.

The motion was negatived.

RESOLUTION *RE* RAILWAY BRIDGE OVER THE NETRAVATHI RIVER.

THE HONOURABLE DR. U. RAMA RAU (Madras : Non-Muhammadan):
Sir, I beg to move :

"This Council recommends to the Governor General in Council that the railway bridge over the Netravathi River between Mangalore and the neighbouring villages of Ullal, Permanoor, Kotekar, etc., be made available for a cart-road and that the bridge be planked or otherwise altered or improved for the said purpose as early as possible."

The South Kanara District is the Cinderella of the Madras Presidency. It is very poor in communications, roads, bridges and railways, and consequently still remains a backward locality. Its mountains and rivers are said to isolate it from the rest of the Presidency and hinder its progress. But such small mercies as roads, bridges and railways are certainly not beyond the reach or means of a mighty Government which sends expeditions to Mount Everest at an inconceivable cost, which has bridged the Ganges and the Indus, and which has overcome a thousand and one natural barriers for military and strategic purposes. The present Resolution asks the Government of India for a small boon to relieve the sufferings of their much-neglected subjects of South Kanara. The town of Mangalore is rapidly growing in importance and is becoming congested and thickly populated and its atmosphere also is vitiated by the location of numberless tile factories and other Industrial works. In consequence of this over-population, malignant diseases, tuberculosis, malaria, typhoid and other fevers have come to stay in Mangalore. Realising the need of relieving the congestion, the Government of Madras have set on foot various schemes, among which the Pentland town and Chembugudde are standing monuments. Mr. Lionel Vibert, I.C.S., a former Collector of South Kanara, conceived an elaborate scheme for expanding the town of Mangalore on the southern side of the Netravathi River in order to relieve the rapidly growing congestion within the municipal limits. With this end in view it was proposed to acquire 100 acres of land at Ullal and to lay it out on up-to-date and sanitary lines to form the 'Ullal Garden City', a scheme which was subsequently dropped owing to Mr. Vibert's transfer from the District. But private enterprise has begun to fan the dying embers of this scheme, as a result of which we find to-day the "Ullal Garden City" rising up in all its glory. Ullal, on account of its salubrious climate, coastal character, industrial facilities, proximity to the trading and manufacturing part of Mangalore town and the advantage of being traversed by a railway, lends itself to convenient expansion as a safe residential quarter. Already diverse people of the town have either settled permanently or built villas in the Ullal village and hence it promises to be a rising town in the near future. But this extension is seriously hampered owing to the geographical conditions forbidding such expansion, *i.e.*, the Netravathi River without a cart-road over the railway bridge. Rendering the Netravathi bridge suitable for cart traffic would make the connection between Mangalore and the villages to the south of the Netravathi river closer. With modern improved conveyances, Ullal facing the sea directly like the Malabar Hill of Bombay, can develop into a sanatorium for Mangalore as time advances. With the construction of a cart-road, the produce of the villages would be more easily available and at cheaper rates to the Mangalore market and thus accrue to the economic development of the towns and villages, whereas

[Dr. U. Rama Rau.]

at present, it comes only as far as the Ullal river and is then carried to Mangalore by boats across the dangerous Mangalore Bar which renders the passage almost impossible during the floods, and at other times for nearly six months in the year. This closer contact will also improve the social and educational status of the villages.

This request to make the railway bridge available for a cart-road is not altogether novel for in Cochin and on the South Indian Railway line, the Shoranur, Chalakudi, Feroke and Kallay bridges are planked for the said purpose and opened to the public. A similar device may be adopted even in the case of the Netravathi bridge. We have it on the authority of Mr. Thompson, Executive Engineer in charge of the bridge construction, that even the corrugated iron plates laid on it had been put at a cost of Rs. 40,000 or so for enabling a cart-road to be opened. If, however, these do not prove sufficient, the existing corrugated iron flooring might be replaced by wooden planks or the footpaths on either side might be broadened by some cantilever arrangement or in some other way and thus made to serve the purpose of a cart-road, or the bridge itself might be extended by erecting two more spans at the southern end. The Municipality of Mangalore and the District Board of South Kanara have expressed their willingness to contribute their quota to this scheme by charging a small toll-gate fee for vehicles and earmarking the amount realised for repaying any loan they may raise on this behalf. That there has been a popular demand for this cart-road cannot be denied. An influentially signed memorial including the resident Europeans, Jesuit Fathers and other gentry of Mangalore has been submitted lately to His Excellency the Governor of Madras, through the Collector of South Kanara, praying for the provision of a cart-road over the railway bridge. I am sure the Railway Board and the Railway Administration must have had a copy of this memorial or even if they had not had one, they must have been consulted at least in the matter by this time. I trust they will take a favourable view of the case and come to the rescue of a long suffering people in a remote corner of Madras. This is no controversial subject; on the other hand, it is a beneficial measure to a portion of the public, which deserves the unanimous support of this House. I now commend this Resolution for your kind acceptance.

THE HONOURABLE MR. G. L. CORBETT (Commerce Secretary): Sir, if I may say so without offence, I think the Honourable Member tends to become a little parochial in his Resolutions. I do not think this Council can be expected to take a very lively interest in the provision of a cart-road to the villages of Ullal, Permanoor, Kotekar, etc., or even in the development of a salubrious suburb for Mangalore. This may be a matter of very great local interest, and although I was much interested in the Honourable Member's speech, I think it is a matter that might have been discussed more usefully in the local district council than in this House.

At the same time I am very glad to have the opportunity to explain to this House the responsibilities of the Railway Department of the Government of India in such a matter as this. As Honourable Members know, Roads and Bridges under the Devolution Rules are Provincial Subjects, and the Government of India have no administrative or financial responsibility in the matter. With regard to railway bridges, it is the usual practice for a Railway to construct a foot-way over its bridges.

1 P.M.

for the use of its servants, and it is also the usual practice that this footway should be open to the public. This is the case in this particular Netravathi bridge to which the motion refers. The provision of a road for cart or motor traffic over such a bridge is primarily a matter for the Local Government, for under the Devolution Rules Local Governments have to bear the cost of the additional accommodation on the bridge for these purposes and also the annual cost of maintenance of the road across the bridge. We endeavour, however, to co-operate with Local Governments in this matter in every possible way. According to the Standing Rules of the Railway Board when a project is under consideration, Local Governments or Administrations concerned should be asked to forward their views on various points direct to the Railway Board, and one of the points is:

"Roadways over important bridges (i.e., bridges with spans of 100 feet and over and having a total length of waterway of not less than 1,200 lineal feet or 600 feet in case the bridge is close to an important trunk road or highway.)"

The reason why we limit this to large bridges is because it is the policy of the Railway Administrations both in this country and in others only to have combined bridges over large rivers, where the construction of a separate bridge would cost a great deal of money. That is the standing rule of the Railway Board; and I may also say that recently the Railway Board have again impressed upon Railway Administrations the necessity of consulting Local Governments on this point when the construction of a large bridge is being undertaken. I would like to impress upon the Honourable Mover and the House that the Government of India are fully alive to the importance of combined road and railway bridges, not only for local convenience, but also in any scheme for road development in India as a whole. Last week, Honourable Members may remember, this House accepted a Resolution for the appointment of a Committee to consider the whole question of road development in India, and I very much hope that this Committee, if and when it is appointed, will consider this important question of the combination of road and railway bridges in any road development scheme. That is the general position of the Government of India on the question of combined railway and road bridges.

Turning to this particular bridge to which the Honourable Member has referred, I think that neither the Government of India nor the Members of this House are really in a position to say whether the cost of a road bridge here is justifiable or not. It is a matter entirely for the Local Government to decide, and I do not think we can express any opinion on it.

There is one point however that I should like to bring home to Honourable Members. The Honourable Mover suggested that the permanent way might be planked over. Therefore, the implication was that the cost of the alterations would not be very much. That is a method of providing a road over a railway bridge to which we are strongly opposed in principle. We consider that cart and vehicular traffic cannot be carried on the same deck as the railway tract unless it is right outside the girders. We cannot plank the permanent way. The objections are really too obvious to need very much development. In the first place, it is very inconvenient to railway work. The bridge would every now and then have to be opened and closed for the passage of vehicular traffic. And also it would be very dangerous in the interests of public safety. I do not know whether many Members of the House have seen the road and railway

[Mr. G. L. Corbett.]

bridge over the Jumna on the Ghaziabad road. If they have been there in the morning, they will have seen the absolute turmoil of cart traffic over the road bridge, which is on a lower level than the railway track, and I ask the House to picture to themselves what would be the position if there was a train puffing about in the midst of it at the same time. I have got a map of this particular Netravathi bridge that the Mover has referred to. One of the objects of the Mover is to develop the suburb of Ullal. I can well imagine the well-to-do people in their motors racing with the suburban train in the morning to see which gets on the bridge first. I think planking bridges is out of the question, and therefore you must take into consideration the fact that it would probably be a very expensive business to adapt this bridge for road traffic as well, and it would be a matter entirely for the Local Government and for the district council to consider whether the expense is justified in order to develop this salubrious suburb. If, however, the Local Government approaches us with proposals on the subject, we shall be very glad to meet them in any way we can.

I think so far as this House is concerned the matter might be left there. It is now for the local interests which desire this bridge to move the district council or the Local Government or the local Legislative Council for the purpose, but I do not think this House will agree to make a recommendation to the Governor General in Council on a small local matter, of which most of us have no first-hand knowledge and in which we are really not directly concerned. I am afraid I must therefore oppose the Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan): I expected that my Honourable friend Mr. Corbett would let us know what reply the Government of Madras gave to the railway authorities when they addressed the Madras Government as regards the necessity of the cart road bridge over the Netravathi River.

THE HONOURABLE MR. G. L. CORBETT: I am afraid I have not gone into the ancient correspondence on the subject. This bridge is not a new one as far as I know, and I do not know what reply was given.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: The Municipality of Mangalore and the District Board of South Kanara approached the Local Government and also a big memorial signed by hundreds of persons was submitted to the Government. I want to know what has become of the memorial, whether the Government of India or the Local Government are in possession of that and whether anything has been done in the matter.

THE HONOURABLE MR. G. L. CORBETT: I can only say that the Government of India have received no representation from the Local Government on the subject, and if the Honourable Member wishes to know what views the Local Government hold on the subject, I think he should approach the Local Government direct and not through us.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: If the Honourable Member promises to consider this matter when the question comes up from the Local Government, I have no objection to withdraw the Resolution.

THE HONOURABLE MR. G. L. CORBETT: I have already said, Sir, in my speech that if the Local Government approaches us in the matter, we shall be pleased to meet them in any way we can.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: I beg leave to withdraw the Resolution.

THE HONOURABLE THE PRESIDENT: Is it your pleasure that the Honourable Dr. Rama Rau be given leave to withdraw his Resolution?

(No objection was taken.)

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* INTEREST ON DEPOSITS IN POSTAL SAVINGS BANKS AND GOVERNMENT SECURITIES BELONGING TO MUSSALMANS.

THE HONOURABLE SIR HAROON JAFFER (Bombay Presidency: Muhammadan): Sir, I beg to move my Resolution which runs as follows:

"This Council recommends to the Governor General in Council that he may be pleased to take steps to make available for the improvement and expansion of Muslim education, all the interest accruing from the deposits in the Postal Savings Banks and Government Securities belonging to Mussalmans who do not, owing to religious scruples, receive interest thereon, and that this arrangement be given immediate effect to in provinces in which Muslim public opinion is agreeable to the scheme."

Sir, the Members of this Honourable House will remember that the subject-matter of this Resolution was discussed here two years ago, and that any decision on this important matter was postponed in order that Government might have sufficient time to sound representative Muslim opinion in all the provinces and to collect the necessary information relative to the successful working of such a scheme. That information has, I understand, now been collected, and leaders of Muslim thought in all the provinces have also expressed to Government their views on the matter. I should perhaps remind Honourable Members that there were two main issues raised in the course of the debate which took place on my Resolution before it was postponed. The first issue related to the principle involved in the proposal and the second issue centred in the circle of difficulties apprehended in the execution of the scheme. In view of these issues and the inconclusive character of the previous debate, I must confess that I am still more or less in the dark regarding the opinions held by Government and the Members of this House generally on the subject, although I cannot help feeling assured that I am not exaggerating when I say that the trend of the debate as I read it indicated that in spite of certain doubts expressed by a few Honourable Members, the Resolution met with the general approval of the majority. I was particularly interested in, and grateful for, the way in which the Honourable Mr. McWatters, the then Finance Secretary, pointed out what appeared to him to be fundamental and administrative difficulties, but the whole House will, I believe, recall the able manner in which some of the supporters of the Resolution at that time so ably answered the various objections thus raised; and it is hence particularly regretful that some of those friends are not present to see the Resolution passed, as I feel sure it will be to-day. Without wearying you by traversing the ground already so vigorously trod, I feel

[Sir Haroon Jaffer.]

that I should perhaps bring to your recollection the fact that speaking on behalf of Government, the Honourable Sir Narasimha Sarma frankly declared that they had had no time adequately to consider the proposition, and hence could neither support nor condemn the Resolution, at that time. But I have every hope that during the past two years, the Government have made full enquiries into the matter and carefully studied the information which they said they would collect; and so I expect to receive an official announcement, on the subject during this debate. And, of course, I have every hope that the announcement will be in favour of accepting the Resolution.

Sir, the main point of the Resolution is obviously a simple and straightforward one. I request the Government that the whole of the interest now going into their coffers should be utilized for the furtherance of Muslim education. One objection has been raised that perhaps the investors would not agree to the interest being utilised in this way. But what happens to the interest under present conditions? Government take it and make use of it in one way or another along general lines which cannot be defined as the money goes into the general revenues. Those who forego their interest have no say even now in its disposal, nor, by the nature of things, can they be approached on the matter. It cannot be imagined that Government intend to hold on to this extra money indefinitely or to force the investors to take it. Yet if it is added to the general revenues, as it must be, then it will perhaps be spent in ways that would be still more obnoxious to Moslem investors whose piety and literal reading of their religious principles prevent them from benefiting personally from the unfortunate necessities of the borrowers.

In the course of the debate two years ago on my Resolution, one of my Honourable friends and coreligionist Mr. Saiyed Raza Ali, plainly pointed out the teaching and significance of Muslim law on this subject and expressed the feeling of the Muslim community about taking interest from investments, emphasising that the whole question is one of objection to personal benefit.

Sir, my suggestion is that this money be utilised for a definite purpose, namely, the furtherance of education amongst Muslims, which cannot possibly be objected to by any orthodox Muslim. It must be admitted that the money really belongs to the Muslims, and hence all I am asking is, in a nutshell, that Muslims who do not take interest on religious grounds, give Government permission to take that money and use it for the benefit of the community to which they belong. I have every conviction that there will be no real objections to this on the part of Muslims, although, if any misunderstanding did arise on the matter, it could be easily removed. That is to say, Government need have no apprehensions as to the Muslim attitude toward any utilisation of unclaimed interest towards the improvement of education amongst the Mussalmans.

Sir, in reply to a question of mine during the last session, I was supplied with a summary of the opinions of the Provincial and other minor Governments as forwarded to the Government of India. This symposium shows very clearly that the majority of Muslims consulted are in favour of the scheme I have suggested and that the vast majority consider that no serious religious susceptibilities of the community will be offended. The majority

of Local Governments also do not raise any objection to the scheme. There is a slight opposition to the proposal on the part of a minority, and for this reason I have moved in my Resolution now that the scheme be put into immediate operation only in the provinces where there is no special opposition, leaving us to do what we can in the way of propaganda in those places where Muslim public opinion does not seem quite ripe for such a move.

Sir, I would emphasise that in the matter under discussion the Government are willing to pay this money to the rightful claimants, and the majority of the claimants are agreeable to it being paid to the community as a charitable gift rather than as a personal income. I admit that the total amount will not be very large, but I do not know of any better purpose to which it can be put than that of educating the children of the community to which the investors belong. In short, it seems to me that the principle of my Resolution is generally admitted to be acceptable, and while there may be certain difficulties at the outset in making the necessary arrangements for its collection I have every trust in the power of the Government to overcome these obstacles, especially as I have never known our resourceful finance officials to be baffled by any obstacle in the way of collecting money. Therefore Sir I have great pleasure in moving this Resolution in the firm conviction that it will meet with unanimous support.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary) Sir, at the outset I may inform the House that the amount in question is very small. It has been estimated that, at the outside, unclaimed interest in the Post Office Savings Bank account does not amount to more than about ten thousand rupees. As regards Government securities, owing to the complexity of the system, it is impossible to say how much the amount is, but such investigations as have been made indicate an inconsiderable amount. Probably not more than fifteen thousand rupees are involved in this discussion. Government, as the Honourable Mover of the Resolution has stated, made very full enquiries of the Local Governments and of Muslim opinion throughout India. The majority of opinion is in favour of the proposal, but there is a certain amount of definite opinion against it. Government have most carefully considered the opinions, as they undertook to do, and with every sympathy for and appreciation of the admirable object which the Honourable the Mover has in view, they feel that they cannot support the proposal. Government have no desire to avoid their obligation in the matter of the payment of interest on these investments, but there are certain reasons why they feel that they cannot support the proposal. The first is a constitutional point. It is entirely irregular for funds of the Central Government to be devoted to expenditure on a subject which is a provincial subject. The particular subject in question is a provincial transferred subject for which Provincial Governments are entirely responsible, and it would not be regular that any contribution from the Central Government's finances should be devoted thereto; but the strongest objection is probably this, that any such action on the part of the Central Government would mean intervention in a matter which concerns the conscience, the scruples and the convictions of Muhammadans on an important tenet of their faith. For example, supposing that, in Bombay, where I understand the Muhammadan opinion is strongly in support of the proposal, a grant of Rs. 2,000 was made to a particular school; it would

[Mr. A. F. L. Brayne.]

probably happen that most of the Mussalmans who sent their children to that school would be entirely in favour of that proposal, but at the same time a certain number might feel that it was entirely against their conscience to accept any service in support of which money had been contributed from a source which they regarded as tainted. They might therefore, in obedience to the dictates of their conscience, withdraw their children. In such a position I hold that any suspicion of Government intervention is most undesirable. For these reasons I would ask the Honourable Member not to press his Resolution.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab : Nominated Non-Official): Sir, being a Muhammadan, naturally the welfare of Muhammadans is close to my heart and I thank the Honourable the Mover for bringing in a Resolution which is for the benefit of Muhammadans in general. Of course there is one argument which may be urged against his proposal, that when these people to whom interest is due are not taking it, they can easily say they do not want it and ask that it should be given to such and such a university. If that was done I do not think Government would have any way out of it. As to the religious point of view, the only thing which is against taking money is that one Muhammadan should not give money to another Muhammadan and take interest on it, but to take interest from a bank is an absolutely different thing altogether, and there are many Muhammadans who interpret the taking of money from banks as quite all right. Now these Muhammadans who do not take money from others only do not take it because they are individuals, and one individual should not take the benefit of interest on his own money, but in the proposal made in the Resolution the money is not going to the individuals at all, it is going for the benefit of say a school, which is not one man. So that I think no Muhammadan from the religious point of view can possibly object to this money going for Muhammadan education. So I think, Sir, if the Muhammadans pass a Resolution in the Legislative Councils then the Government of India should have no objection to giving effect to this Resolution because then, if this Resolution is passed, the Local Governments will not be able to object. If the Muhammadans have sent their own Muhammadan representatives into the Councils and they bring forward a Resolution and pass it, the Muhammadans could not object to it. I think if it was modified so that it would come here after a Resolution had been passed in the local Councils, it would be better.

(The Honourable Sir Haroon Jaffer made a remark which was inaudible at the Reporters' table.)

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: If the Local Governments did pass such Resolutions the Government of India would at any rate know that the general Muhammadan feeling is not against the proposal. That is what I want to put forward, so I do hope that, even if Government are determined not to pass this Resolution, which is really a beneficial one, they will see their way to do something which eventually would amount to the same thing because, after all, the money belongs to the community and the community wants it for their good, and why should they not have it? With these few words, I strongly support the Resolution.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, I rise to support the Resolution of my Honourable friend Sir Haroon Jaffer. We, the Muslim Members of this Honourable House, cannot be too thankful to him for the laudable efforts he is making towards the expansion of the education of our Muslim boys and girls. To my mind, there can be no sort of difficulty proceeding from Muslim investors, whether they belong to Northern India or Southern India. The plain object of the Resolution is to expand Muslim education as quickly, as possible, and the demand has been incessant that the education of our boys and girls should make far greater strides than hitherto. Therefore any suggestion or scheme that would increase the pace of its progress should be welcome to the Government as well as the Muslim community as a whole. Now, Sir, the Honourable the Mover has discovered a useful and a hitherto unthought of source of finance that may well be utilised for this purpose. I think he is quite right in suggesting that the unclaimed interest accumulated out of the investments made by Muslims in the Post Office Savings Banks, bonds, and other Government securities should be pooled together and the total amount should be utilized for Muslim education. I am sure, Sir, that there will be no objection to this course from the investors themselves. For the Resolution applies only to the case where the investors do not claim interest. It is well known that most of the Muslim investors do not take back the accumulated interest on the principal. This fact has been brought out when a similar Resolution was discussed in 1925. I am sure, Sir, that the Government cannot have any objection to utilizing the unclaimed interest accruing from the principal for the education of Muslim children instead of allowing it to lapse and be absorbed into the general revenue. The Honourable the Mover of the Resolution suggests that it may be distributed for Muslim education, the most charitable of charitable purposes. In giving my support to this Resolution, I would suggest that the total amount thus proposed to be set apart for this purpose should be distributed to the various provinces according to their needs and necessities.

With these few words, I give my cordial support to the Resolution.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burmah: General): Sir, I heartily support this Resolution and I would request the indulgence of this House for a few minutes. As regards the constitutional point which has been raised by the Honourable Mr. Brayne I should think there is really no question of constitutional difficulty at all in accepting this Resolution. Education may be a transferred subject, but there is nothing to prevent the funds which are not earmarked for central revenues to be devoted to a transferred subject. After all, the interest which on religious grounds these Mussulmans forego is not meant for the benefit of the public treasury. If it can be devoted to purposes which have the general support of those people to whom it ought to go rightfully then there can be no objection at all to devoting the funds to that particular purpose. It is only a small sum, but small or large, it is a sum which rightly belongs to the Mussulman community and there is no Koranic or other injunction so far as I am aware against investment for a public benefit like education. One must take it that people generally who refuse to take interest for their own personal benefit can have no possible objection to the money being devoted to a purpose which is not contrary to the injunctions of the Koran or of the Mussalman prophets. After all, there is no question of interfering with the conscience of the people. The conscience of the people as represented

[Mr P. C. Desika Chari]

in the Legislature is sufficiently well advanced in favour of the view which has been so admirably put forward by my Honourable friend Sir Haroon Jaffer. With these few words I give my cordial support to the Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadian). Sir, I rise to support the Resolution and while supporting it I wish to observe that the smallness or otherwise of the amount involved ought not to effect the Government's decision on this subject. Sir, the Government is bound to pay interest on its securities and the Post Office is also responsible for paying interest on the money deposited in Savings Banks there, if the depositors themselves assign it. The only difference in what this Resolution asks for is that instead of the depositors themselves the representatives of the community to which they belong makes this constitutional request to the Government. I think the request is fully justified. On account of religious scruples those depositors would probably not come forward themselves to ask the Government to assign the amount of their interest to Musselman charities. I think the Government should extend their gracious support in this indirect manner to the cause of Moslem education and other charitable purposes of the Moslem community. I therefore strongly support the Resolution.

THE HONOURABLE MR J. A. L. SWAN: Sir, I move that the question be now put.

THE HONOURABLE THE PRESIDENT: The question is that the question be now put.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question is that the following Resolution be adopted

"This Council recommends to the Governor General in Council that he may be pleased to take steps to make available for the improvement and expansion of Muslim education, all the interest accruing from the deposits in the Postal Savings Banks and Government Securities belonging to Mussalmans who do not, owing to religious scruples, receive interest thereon, and that this arrangement be given immediate effect to in provinces in which Muslim public opinion is agreeable to the scheme."

The motion was adopted.

The Council then adjourned till Eleven of the Clock on Friday, the 18th February, 1927.

COUNCIL OF STATE.

Friday, 18th February, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN:

The Honourable Sir Clement Daniel Maggs Hindley, Kt. (Chief Commissioner, Railways).

MESSAGE FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

THE HONOURABLE THE PRESIDENT: I have received a Message for the Council from His Excellency the Governor General.

(The Message was received by the Members of the Council standing.)

The Message is in the form of the following order:

"For the purposes of sub-section (1) of section 67A of the Government of India Act, and in pursuance of Rules 43, 46 and 47 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Edward Frederick Lindley, Baron Irwin, hereby appoint the following days for the presentation to the Council of State and to the Legislative Assembly of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of subjects other than Railways and for the subsequent stages in respect thereof in the Council of State and in the Legislative Assembly, namely:—

<i>Monday, February 28th at 5 p.m</i>	<i>Presentation in both Chambers.</i>
<i>Thursday, March 3rd</i>	<i>} General discussion in the Legislative Assembly</i>
<i>Friday, March 4th</i>	
<i>Saturday, March 5th</i>	<i>General discussion in the Council of State.</i>
<i>Wednesday, March 9th</i>	<i>} Voting of Demands for Grants in the Legislative Assembly</i>
<i>Thursday, March 10th</i>	
<i>Friday, March 11th</i>	
<i>Monday, March 14th</i>	
<i>Tuesday, March 15th</i>	

(Sa.) IRWIN,

Viceroy and Governor General."

THE RAILWAY BUDGET FOR 1927-28.

INTRODUCTORY.

THE HONOURABLE SIR CLEMENT HINDLEY (Chief Commissioner, Railways): I have the honour to present to the Council a statement on the estimated expenditure and revenue of the Governor General in Council for the year 1927-28 in respect of railways.

[Sir Clement Hindley.]

Before giving the Council an outline of the principal figures of the budget I think it may be advisable, in order to present the picture clearly, to describe shortly the railway property to which the figures relate.

2. At the end of March, 1926, we had altogether 38,579 miles of railway in India. Of this total the State owns 27,430, Companies and District Boards own 6,187 miles and Indian States 4,962 miles. The capital at charge of the State-owned railways on the same date was 652 crores out of a total capital at charge of 753 crores. As regards management, the four large State-managed railway administrations, namely, the North-Western Ry., East Indian Ry., Great Indian Peninsula Ry., and Eastern Bengal Ry., make up 15,543 miles, while 8 other large administrations owned mainly by the State but managed by Companies under contract with the Secretary of State account for 17,295 miles.

3. The Budget figures relate to the receipts and expenditure of the Governor General in Council, arising out of ownership, working and other contractual relations in connection with these railways, and while the size of the figures is in itself some criterion of the burden of financial control involved, it has to be remembered that the Railways Act also imposes on Government wide responsibilities of a technical nature in regard to safety and efficiency which extend beyond the field to which the financial figures relate.

4. The Railway Board, as the Department of Government entrusted with the subject of Railways, consequently bears a very heavy responsibility and the extent of that responsibility may be summed up briefly by saying that it directly administers 4 large railways aggregating 15,500 miles, while it exercises very wide powers of financial and technical control over nearly the whole of the remaining mileage excluding such railways as are entirely the concern of Indian States.

5. I am induced to make these preliminary remarks because it sometimes seems to be thought that the budget merely represents a skilful compilation of the figures relating to a number of different railway administrations with more or less independent managements, and that the Railway Board is a body which mainly concerns itself with collecting statistics and watching financial and technical results.

I am aware that the opposite view sometimes holds the field, namely, that the Railway Board directly manages all railways and should be cognisant of, and responsible for, all details of the work—even the affairs of every little outlying station throughout India. Both views, however, are equally fallacious, for while the Budget represents the State's financial operations as principal owner and Manager, and is, therefore, a measure of the responsibility of the Railway Board, it stands to reason that an immense organisation or series of organisations such as is represented by Indian railways can only be controlled by successive delegations of power and responsibility, such as must necessarily exclude from the central organisation the detailed knowledge of many things which affect the service which railways render to the public and go to influence the character of public criticism.

6. But wide as their responsibilities are, and complex as the details of railway business must be, in a country as large as India, the Railway Board can claim to have used their powers and responsibilities so far as has been practically possible in directing the work of the railway administrations

towards better and more efficient service in every direction, and in thus using available financial resources in the best interests of both the owners and users of the railways.

7. The papers which will shortly be placed in the hands of Members of this Council contain very complete information regarding the Budget and the financial position of the railways, and in particular I would draw attention to the Budget Memorandum to which we have this year attached a map of the railways to illustrate the construction programme. I may add in passing that the actual statement of the revenue of the Central Government from railways and the expenditure charged to that revenue has been printed in foolscap size in response to a suggestion made in this Council last year. With these papers and the recently issued Report by the Railway Board on the Railways of India for 1925-26 any one with sufficient leisure can make himself fully informed of the affairs of Indian Railways during last year, the present year and the coming year. But I can perhaps assist by mentioning the outstanding figures in the estimates

ACCOUNTS, 1925-26.

8. The year 1925-26 did not come up to its predecessor, which was one of exceptional prosperity for Railways. Our net gain from commercial lines was only 10½ crores, 4 crores less than in 1924-25. But even so we contributed nearly 5½ crores to general revenues and placed 3½ crores to our Railway Reserves. These figures are a slight improvement on the estimates at this time last year, the contribution being 17 lakhs more and the reserve fund 34 lakhs more.

REVISED ESTIMATES, 1926-27.

9. While the year 1925-26 showed a falling off from the exceptional prosperity of 1924-25, the present year has unfortunately shown signs in recent months of a further contraction of earnings. The budget estimate of gross receipts for commercial lines was 102.58 and the estimate of total expenditure 92.13 crores, yielding a net gain of 10.45 crores. So far as we can foresee we shall fail to reach our budgetted figure of earnings by some 4½ crores, although we hope to counter this fall in earnings by effecting a saving of 1½ crores in working expenses as compared with our budget estimate. Our total net gain is likely to be therefore 2½ crores less than we budgetted for or 7.75 crores. Deducting the loss on strategic railways we have now to look forward to a net gain of 5.94 crores, compared with 8.71 budgetted for, and instead of being able to add 2.70 crores to our reserves we shall have to withdraw 7 lakhs from those reserves for the purpose of paying the fixed contribution to general revenues.

10. In this connection may I remind the Council of what I said last year as to the need for building up and maintaining adequate reserves. I pointed out that we have to learn by experience what amount should ultimately be required in our reserves having regard to the obligations of the Separation Convention and the unknown obligations of the future. I added "In a year for instance in which bad monsoon conditions might bring with it a heavy set back in earnings without an opportunity of bringing down working expenses to a corresponding degree it is conceivable that the payment of the contribution might make a very heavy call indeed on our reserves". We cannot say that we are having to make a heavy inroad into our reserves, but we have had experience of the combination

[Sir Clement Hindley.]

of a set back in earnings coinciding with the incidence of a contribution based on the results of an exceptionally prosperous year, for the Council will remember that the contribution each year is based on the results of the penultimate year, in this case the bumper year 1924-25. And there is indeed a very slender margin on which to rely for making the necessary amount of net revenue. Our weekly figures of earnings vary from 226 lakhs at the peak period when we are carrying the main crops to 150 lakhs during the monsoon when there is little business. A late crop, a failure to market or the absence of rain at a critical period may easily affect the earnings of a week by a good many lakhs, while a cumulative loss of a few lakhs a week very soon mounts up to a heavy loss in the aggregate. Remembering that this is largely the result of carrying goods and passengers in small quantities and over short distances throughout the country, it will be realised that trifling local losses may become serious in the aggregate.

11. The falling off of about 4 per cent. in our gross earnings to which I have referred extends into almost every sub-division of our receipts. Passenger traffic is expected to bring in 137 lakhs less, of which 126 lakhs are due to lower class passengers. It is true that we had already forecasted and allowed for some decline owing to the reductions in fares which were made, but we have to admit that we under-estimated this decline, and that so far the stimulus applied by the reduction in fares has not counter-balanced the loss to the extent we expected.

12. Goods traffic is likely to bring in 2½ crores less than we estimated. Amongst the main reasons which may be assigned for this I may mention the heavy floods in Burma which dislocated traffic for a long period and caused a loss of some 30 lakhs in earnings, while floods in the Central Provinces and other parts of India also adversely affected traffic. Then we have had an unsatisfactory cotton crop, particularly in the Punjab and a late movement of cotton elsewhere. These causes are reflected in the earnings of the Great Indian Peninsula Railway, Bombay, Baroda and Central India Railway and North-Western Railway. The groundnut crop has been severely damaged in some parts of South India owing to the failure of rain, and there are other crops in different parts of the country which have been adversely affected by unusual climatic conditions. The almost universal incidence of the decline in earnings has in fact given a somewhat depressing aspect to the latter part of what promised at one time to be a normal if not a good year.

13. We have, I am glad to say, been able to secure considerable reductions in expenditure as an off-set to the drop in our receipts. On commercial lines working expenses are 1½ crores lower than the budget estimate, of which nearly 1½ crores is in the cost of operation. Out of this, 64 lakhs represents a saving in the fuel bill partly as the result of cheaper prices and partly due to decrease in consumption. And in this connection I wish to claim some credit for the Railway Board for the efforts made to economise the use of fuel and get better use out of the fuel actually burned. Then we have a saving of about 20 lakhs in administration as compared with our estimates and a similar saving in repairs and maintenance. On the other hand, there is a slight increase in the surplus profits paid to the railway companies under their contracts and which depend upon the results of working of a previous year.

14. The point which I wish to emphasise in connection with this failure to reach our estimates is that there is no change in the amount received by General Revenue. Last year in presenting the Budget I referred to certain definite benefits that had resulted from the separation of Railway Finances, one of the outstanding measures of reform associated with the present railway policy of Government. Those were perhaps indirect benefits, but this year we have a clear illustration of the value of the main benefit for which separation was primarily designed. In a year where we have a severe contraction of earnings amounting to nearly 4 crores we are enabled to pay without any variation the exact contribution promised to Central Revenues under the Separation Convention, we have had to apply no retardation to the normal expenditure on renewals, replacements and improvements, and we have not had to take any special or emergent measures to reduce expenditure or to interfere with our settled programme of works.

15. As compared with former practice this represents a very material advantage, for in the past there are many instances of a falling off in railway earnings in the latter months of the year being followed by a sudden restriction of expenditure in the interests of general revenues. Such a restriction could generally only be put into practice by slowing down renewals, such as relaying or rebuilding of rolling-stock, or stopping improvement works, such as the remodelling of marshalling yards or strengthening of bridges. In such cases not only did the railways lose the benefit of such expenditure as had been planned, but there were secondary results in the inflation of stores balances and other temporary additions to unproductive capital. The cumulative effects of such interference with programmes of work were one of the causes of the former unsatisfactory conditions on railways and the public, the Railway Administrations and the general tax-payers have reason to be thankful for the deliverance from these conditions.

16. In a nutshell this is then our position this year. We expect to obtain a net gain of 594 lakhs, and, as this is not sufficient to meet the payment of 601 lakhs that we are to make to general revenues, we have to withdraw about 7 lakhs from our reserves. We should have been glad to have done better, but we have not had as good a year as we hoped, and no one likes to trench on his reserves. But I do not want the Council to think that I see any reason for despondency. What are the exact facts? In 1924-25, the year on whose working we are now paying the contribution of 601 lakhs, we were able to place over 688 lakhs to our reserve; in effect we are merely withdrawing a small sum of about 7 lakhs from the amount then put in in order to meet a liability, which we then incurred. But though fortune has not been too kind to us this year, we have not done by any means too badly. We have earned a profit of 594 lakhs, which is over a crore more than we shall have to pay to general revenues a couple of years hence on the results of the current year's working. I suggest to the House that is not an unsatisfactory result for a year which has not been too favourable.

BUDGET ESTIMATE, 1927-28.

17. For next year 1927-28, we estimate gross receipts on commercial lines at 100.40 crores and total expenditure at 91.47 crores. If these estimates prove correct, we shall have a gain from commercial lines of 8.93 crores, and after deducting the loss on strategic lines 7.10

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crores. The contribution to general revenues based on the results of 1925-26 is 5.48 crores, and we therefore have the prospect of transferring 1.62 crores to railway reserves.

The traffic earnings for commercial lines have been estimated at about 2 crores more than in the current year, while we are budgetting for an increase in working expenses of only about 8 lakhs more. On the other hand, interest charges grow year by year and must be estimated at 1½ crores more next year than this

In the estimate for gross earnings allowance has been made for the further reduced fares recently announced as well as their probable effect in stimulating traffic, the additional mileage opened in the current year and to be opened next year, and, lastly, the expectation of a fair average year for goods traffic. Obviously such abnormal occurrences as the floods in Burma cannot be provided for in estimates, but such information as is available at present as to the probability of production does not lead to the view that there should be any serious falling off in traffic, and we are perhaps justified in assuming that the re-establishment of normal trade conditions in Great Britain will react favourably on business generally in India.

18. On the side of expenditure we are budgetting for a reduction of 10 lakhs in administration as compared with the current year's estimate. Although we have to meet increased charges due to the operation of time scales of pay and other normal increases and have to face certain additional expenditure in the reorganisation of the Stores and Medical Departments, we expect to be able to reduce expenditure appreciably by more economical methods of handling administrative subjects. The cost of operation, in spite of the increased mileage, is estimated at about a quarter of a crore less than in the current year, mainly because we have fortunately been able to place our contracts for coal at more favourable rates than last year. Maintenance charges will be more by 10 lakhs owing mainly to increased mileage, and depreciation has a normal increase due to the addition to capital assets in respect to which the fund is established

Capital Expenditure, 1926-27.

19. We estimated our capital expenditure during the current year at 26 crores, and our latest advices indicate that we shall in all probability have to meet an additional crore on this account. This is the first time for a good many years that we have been able to make as rapid progress on approved schemes as we estimated and indicates both that our methods of estimating have improved and that the organisation for carrying out these schemes has been brought into a more satisfactory condition. As I explained last year we did not propose to restrict expenditure on sanctioned works, and we accordingly authorised the Agents to spend as much on approved capital works as was economically possible during the year. This meant authorising a total capital expenditure of 34.58 crores during the year, while our estimate based on past experience of the vicissitudes and delays which accompany this work was placed at 26 crores only. Of the sum of 27 crores which we now expect to spend, just over 4 crores represents the purchase price of the Delhi Umballa Kalka Railway, 21 lakhs has been incurred in taking up new issues of share capital of certain branch line companies in which Government is financially interested in order to replace loans by share capital to our financial

advantage. And of the balance 6.47 crores is the expected expenditure on new lines and 16.31 crores on open line works. The former is less by 9 lakhs than our estimate; the progress on some lines has been retarded due to certain unavoidable causes, such as the late supply of materials, delays in land acquisition, and in one case to the unhealthy conditions under which construction work had to be carried on. But we have been able to speed up the rate of construction on others. The progress on open line works has been somewhat more rapid than we expected, a fact which, in view of the earlier benefits to be derived from the works of improvement contained in the programme, is a matter for satisfaction.

Capital Expenditure, 1927-28.

20 The total expenditure included in the approved programme for next year is 39.77 crores. This amount as in previous years we propose to authorise in order that no avoidable delay may take place in any of the individual works which are considered necessary. But we have to consider the spending capacity of our organisation, and we do not, therefore, feel justified in asking for a larger actual grant than 25 crores which, disregarding the purchase price of the Delhi Umballa Kalka Railway, is an advance of 2 crores on our expected expenditure of this year. Of this amount, 7.62 crores is to be allotted to new lines and 17.38 crores for open line works.

The Budget Memorandum and the separate pink books for each railway administration give full details of the open line programme working up to 24.77 crores, against which we anticipate expenditure of 17.38 crores. Of this amount, 19.41 crores is for improvements of open line facilities. The larger items comprised in this sum are 3 crores for improvement of rails and sleepers, 2.87 for remodelling of station yards and marshalling yards and 3.58 crores for electrification. In addition to the more general improvement works having as their object the more expeditious and economical working of traffic I may add that no less than 2½ crores are allotted for the improvement of the standard of comfort for lower class passengers, such as water supply, waiting-rooms and halls, refreshment rooms, booking arrangements and sanitary arrangements, and improvements to coaching stock.

The expenditure to be authorised on rolling-stock amounts to 8½ crores, of which about 2½ crores will come from the depreciation fund. Of the capital portion about 2½ crores is for additional rolling-stock. The programme provides for the construction of 636 coaching vehicles, of which 552 are lower classes carriages and a small provision of 796 metre gauge wagons. For reasons which I will explain later we are making no provision for the purchase of new broad gauge general service wagons either as additions or on renewal account.

New Lines.

21. For new lines we are providing 7.62 crores although the amounts included in their programme by the Agents add up to nearly twice this figure. Last year I explained the measures we were taking in order to speed up the programme of new construction, and I gave an account of the construction work in progress and the lines under examination. During the current year we have been able to make a distinct advance in organising a programme of future work and have arrived at certain decisions of a technical nature which will simplify the preparation and execution of new

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construction projects. We have also had the benefit of the regular procedure devised for the periodical consultation with Local Governments regarding the local needs for new communications. Dates have been fixed for the receipt by Agents of the Local Governments' recommendations, for the submission of programmes to the Railway Board by Agents, for discussion with the Railway Board and for the final settlement of the programme and we have thus ensured a full and thorough annual re-examination and revision of the programme which covers the work of survey and construction over a period of five years.

22 In the documents accompanying the Budget we have made a special feature this year of the systematic presentation of all available information regarding various projects included in the programme. The Budget Memorandum is accompanied by a map of India showing in different colours the new lines under construction, the lines proposed for construction and the lines to be surveyed, and in the pink books for each railway will be found not only a map showing the area referred to in the programme, but also a diagram showing how it is proposed to tackle the various survey and construction jobs to be undertaken in the next few years.

23. In deciding whether a new line should be constructed or not it is necessary, as the Council will recognise, to be satisfied by careful estimates that the net earnings will be sufficient to pay interest charges on the capital invested. But whether this result is achieved depends a great deal on the standard of construction adopted and the correctness of the estimate of earnings. It has generally been the practice to vary the standard of construction to suit the expected traffic but, after a careful consideration of the possibility of reducing first costs by adopting lower standards, the Railway Board came to the conclusion that within certain limits it would be possible generally to adopt such a standard for any particular line as would give an adequate financial return on the capital cost. They have accordingly drawn up specifications for lines of different standards to suit different traffic requirements, and it is now possible after ascertaining the probable earnings to decide on the Standard of Construction to be adopted in order to ensure an adequate return on the capital cost.

In drawing up these specifications we have, after a very careful examination, relaxed to some extent the restrictions in regard to the loads which may be carried over certain sections of rails and have for branch lines permitted a lower standard of equipment and facilities to be adopted. This has rendered it possible to undertake the construction of some branch lines which under the former rules would not have been possible.

24. And now as the result of this work of preparation, examination and consultation, we are able to put forward a concrete programme of construction work which has within it the promise not only of an early considerable addition to the mileage of railways, but of steady additions year by year for a good many years to come.

25. It is worthy of note that in this active policy of new construction we have been receiving the closest co-operation and assistance from the Local Governments. Evidence of the interest taken in our progress by these Governments is found in the many instances in which the commencement or completion of a new railway has been accompanied by a ceremony at which the Governor of the Province has presided at the invitation

of the railway administration concerned. For instance, H. E. the Governor of the Punjab attended the commencement of the Kangra Valley Railway on May 3rd, 1926 and on December 21st, 1926 he opened the Shahdara Narowal Railway for traffic. This railway 49 miles long was built in about 10 months which constitutes an example which I hope will be followed elsewhere in India. Then H. E. the Governor of Bengal opened the Krishnagar-Nabadwip Ghat Railway on 30th June 1926, and H. E. the Governor of Madras opened a portion of the Shoranur-Nilambur Railway on the 3rd February. Other instances of this interest and co-operation are to be found in the opening of Lucknow station by H. E. the Governor of the United Provinces on 13th December 1925, the opening of new Bassein Bridges on the Bombay, Baroda and Central India Railway by H. E. the Governor of Bombay on 22nd January 1927 and the opening of the new broad gauge line from Parbatipur to Silliguri by H. E. the Governor of Bengal on 1st October last year.

I should like to say how greatly the Railway Board value this assistance and recognition of the use of our work in the development of the Provinces of which this interest shewn by the Heads of the Provincial Governments is evidence. And in this connection I should like to mention specially the case of Burma where we have had the most valuable assistance from the Local Government in working out our programme and speeding up construction of lines primarily with the object of developing the backward areas of the Province. We shall have altogether in that province some 650 miles under construction during the ensuing year out of a total programme of 1,620 miles. We have also under special consideration proposals for an extension into the southern districts.

26. The position as regards construction during the coming years may be summarised as follows: After opening 338 miles of new railway in the current year we expect to have under construction during 1927-28 about 100 new projects costing about 60 crores and amounting to 4,640 miles. The completed mileage during the coming year is expected to be just over 200 miles of lines included in our budget and about 1,000 miles if other lines are taken into account if reasonable progress is assured and no serious drawbacks occur. It would perhaps be out of place to forecast any further, but if our present quinquennial programme does not come in for very drastic revision either for financial reasons or other difficulties, there is no reason to anticipate any serious dropping off from this figure of 1,000 miles as the rate of progress for several years to come.

27. We have been faced with the necessity for building up an organization of Engineers to take charge of this programme of construction and the task has been rendered more difficult by the facts that for many years little or no construction has been undertaken and the number of men with experience of this kind of work was very few. Further, the improvement works on the open lines have been a sufficiently heavy burden for our permanent cadre and it has not been possible to take away many Engineers from it. We have however succeeded in making a beginning and special construction branches have been formed on the larger railways.

28. The graphic presentation of the programme in the budget papers will I hope prove of interest. One outstanding feature will no doubt strike those who study the plans and diagrams, and that is the absence of any very ambitious proposals for the building of new trunk lines. And this opens up an interesting study in railway geography which tempts me to take up more time than the Council would patiently allow me. India

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is however well served by main trunk lines, and the railway map shows that these trunk railways follow the outlines of India's railway system laid down in Lord Dalhousie's note of 1853. He foresaw a system of trunk lines connecting the interior of each Presidency with its outlying portions and the several Presidencies with each other. This scheme was to include a trunk line from Calcutta to Lahore, another from Bombay to the North West of India, another from Madras to Bombay and a fourth from Madras to the Malabar Coast. Building on that main skeleton a large number of subsidiary trunk lines have been added from time to time and there are now only a few gaps left in the main net work. The important gaps still to be filled are not in fact more than 4 or 5, and of these three are in progress, namely, the Central India Coalfields Railway which will cross the gap lying between the East Indian and Bengal Nagpur Railways in Chota Nagpur and the Central Provinces, the Raipur Parvatipuram line which will complete the link between the Central Provinces and the East Coast, and the Kazipet Bellarshah Railway being built by H. E. H. the Nizam's Government which will effect a saving of some 200 miles in the journey between Madras and Northern India.

29. There are two other main trunk routes to be constructed before it can be said that the main net work of trunk lines is completed, one is the Bombay-Sind connection and the other is the Broad Gauge connection between Karachi and the United Provinces. The former because it is to some extent short-circuited by an easy sea-route has never been considered a very promising undertaking from the financial point of view, but I believe that its construction will become a matter of some importance as the effect of the contemplated extensive irrigation operations in Sind is felt in increased production. We are, therefore, having its financial prospects re-examined, and in order to complete our knowledge of the topography of some of the uninhabited country which has to be crossed we are having an aeroplane survey undertaken shortly.

As regards the broad gauge connection between Karachi and the United Provinces, we do not feel that the time is ripe for undertaking the expenditure involved. The two reasons are, firstly, that there is already a metre gauge connection, which is not seriously overstressed with traffic and secondly, that there is greater need for using such funds as are available for remunerative branch and feeder line elsewhere. I might perhaps add to this category of main lines the proposed connection between India and Burma regarding which a recent investigation of the possibility of a more favourable route through the Arakan mountains has proved unfruitful, and we are therefore left with the two routes formerly surveyed neither of which can be regarded as remunerative proposals.

30. The key note of the programme we are now working to is the filling in of the interstices of the net work of trunk lines with useful branches and feeders so that the benefits of railway service may be brought right to the doors of the agriculturist and the rural population. It will be seen that omitting the two main connections I have already referred to, namely, the Raipur-Parvatipuram line and the Central India Coalfields Railway, we have in our programme nearly 100 projects which average not more than 49 miles apiece and the longest of which is about 100 miles. These are in fact lines designed primarily to serve the interests of the agriculturist and to enable produce to be moved and marketed. Our programme may in fact be described as an agricultural railway programme. But to

fulfil this character it has been necessary to devise cheaply constructed lines, because construction to the standards to which we have been accustomed would have meant either that we did not get a fair return on our capital or that we imposed an insupportable burden on the carriage of produce and passengers in the very places where we wished to encourage traffic. Whether these new lines with their low speeds and low standard of amenities will escape severe criticism remains to be seen, but if they are successful, they will pay for gradual improvement up to the standard of the older lines, and in the meantime we shall have to steel ourselves against criticism.

Standardisation.

31. One of the advantages of adopting lower standards for branch lines is that we are thereby enabled to utilise material such as rails, girders and rolling-stock released from renewals and improvement work on main lines and in some cases it may prove financially sound to expedite or even anticipate renewals with this object in view. But to be on safe financial grounds it is necessary to have definite criteria to work in regard to schemes of improvement and renewals on main lines. This is a matter to which the Railway Board have paid concentrated attention during the past few years, and it is intimately connected with the much wider subject of standardisation. The main object we have in view is to reduce operating costs, and it is recognised that we must therefore aim at heavier train loads and larger carrying capacity of individual vehicles. The efforts in this direction in the past have been hampered by a lack of co-ordination, for locomotives have been improved, larger wagons, stronger bridges and heavier rails adopted without any accurate scientific relation between the standards ultimately aimed at. We have now established permanent Standing Committees of our own expert officers to deal with Locomotive Standardisation, Carriage and Wagon Standardisation, Bridge standards, Track standards and Signalling and Interlocking standards.

The work already done by these Committees is of remarkable value and has enabled us to draw up with confidence the standard specifications I have already referred to. We now know with a certainty based on the most accurate scientific investigation that with locomotives to haul a certain load, with wagons of a certain carrying capacity we need rails of a certain section and bridges designed of a certain strength. We can consequently examine any particular section of the line and assess with accuracy the improvement works required to bring it up to a certain standard of carrying capacity.

Bridge Design.

32. The work of the Bridge Committee has perhaps been of the most importance and here we have been assisted by the results of many years' experiment and scientific work in India, Great Britain and America. The work of laying down the principles of bridge design in compatibility with the complicated stresses produced by a moving train is still far from complete, and an eminent Committee of scientists is still examining the problem in Great Britain. But for the present the Railway Board felt that the degree of fineness in these calculations already reached was sufficient, for present practical purposes, to enable us to adopt certain formulæ, and these have been embodied in revised rules for bridge design.

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which we have just issued. The importance of this work lies in the fact that for our present loads and those we can foresee in the early future, not only can we design more cheaply but many of our existing bridges, which were thought not to be of sufficient strength, can remain without renewal or strengthening for many years. The investigation of existing bridges on the basis of the new formulæ will take some time, but it is safe to say that the expenditure on bridge renewals and strengthening in order to attain the same standards as we were aiming at will be substantially reduced in the long run.

Locomotives.

33. Last year I mentioned the steps taken towards standardisation of locomotives. The sample engines to the new standard types have been under construction in England during the year and the preparation of complete detailed drawings has proceeded side by side with manufacture under the supervision of our Consulting Engineers. It is expected that the first engines for trial will be received in May this year. To meet the requirements of certain railways a few additional engines of these types will be ordered during the coming year, but until the new models have been tried out it is not intended to order any large quantity, and in fact there are many factors operating which have the result of rendering surplus a certain number of engines of particular types on some of the railways. Amongst these factors are the reduction of the time taken for repairs in workshops which I shall refer to later and the gradual introduction of a system known as pooling or double crewing. Up till recently it was the practice in India as well as in most other countries to assign a particular driver and crew to a particular engine. It was found in fact that after an average turn of work while the crew needed rest the engine needed certain attention, such as minor repairs, cleaning, oiling and coaling with the result that the engine worked only those hours in the 24 of which a human being was capable. Improvements in design and in the methods of handling have led to the possibility of engines doing more continuous work than this, and during the last year many experiments have been made of changing the engine crew after certain lengths of run instead of changing the engine. There are certain practical difficulties to be overcome before this is universally adopted and it has yet to be ascertained what is the maximum distance which an engine can work over regularly without shed attention. But remarkable results have already been obtained. For instance it has been found possible to work the Lahore Karachi mail train, a distance of about 900 miles, with only one change of locomotive, whereas formerly there were six changes; and so we save 5 engines and effect a considerable economy in coal consumption. This practice as it is gradually introduced will result in a saving of engine power and in the present requirements of traffic being met with fewer locomotives. We do not overlook the fact that more continuous use will mean a shorter effective life for the engine, but the balance of financial advantage appears to be in making more intensive use of the equipment with a possible earlier replacement. Until therefore we are in a position to demonstrate that the new standard engines give so much better service than the old that rapid replacement should take place we are not likely to require to purchase any large number of engines either as additions or renewals.

Wagons.

34. This line of thought brings me to the question of wagons. We were led early last year to make a scientific analysis of the problem of the number of wagons required normally to move a given volume of traffic in the year, and we found irrefutable evidence that the measures we have taken to speed up movement and improve methods of handling were beginning to have a much more rapid effect than we had ever been sanguine enough to hope for. For many years past one of the gravest criticisms of railway management in India was based on the complaint of "shortage of wagons". Public pressure brought to bear on Government and the managements had been directed towards greater allotments of funds for the purchase of wagons, and it was only slowly recognised that the inadequacy of wagon supply at consignment points was a symptom not of inadequate wagon stock but inadequate facilities for handling wagons and trains.

It has now become clear that if more money had been allotted for such work the shortage would have disappeared and in fact as soon as the effect of the more generous allotment since 1920-21 began to be felt in improved marshalling yards, line capacity and train speed, it was found that fewer complaints about shortage of wagons were heard. Although these works had been designed with this object in view and had been pressed on Government as of vital urgency for many years by various railways (a movement in which I myself in another capacity took a part), no one seems to have been bold enough to believe that their execution, or even partial execution in some cases, could have had so rapid effect as to produce an actual surplus of wagons at the period of peak traffic. Yet this is what has happened and we can only conclude that there has been at the same time a very extraordinary joint co-operative effort on the part of all those on the railways concerned in the movement of traffic.

35. The Railway Board perhaps cannot altogether escape criticism in that up to a comparatively recent period this new development was not expected to materialise so rapidly and that we were even a year ago contemplating some necessity for addition and renewals of wagon stock. The reason was, however, that our new reliable statistics, which help us to watch matters of this kind, had only been established in 1924 and there was insufficient accurate evidence on which to form conclusions. The fact, however, has now got to be faced that we shall not have to purchase any new general service broad gauge wagons either as additions or renewals for next year and most probably for the year after as well and perhaps for some years thereafter. With all due sympathy for the people who have been expecting orders to build wagons we should be rightly charged with hypocrisy if we did not regard this great saving of public money with considerable satisfaction.

36. I should perhaps mention that as in the case of locomotives our Standardisation Committee have designed certain improved types of wagons for general service which we shall adopt when and as it becomes profitable to renew some of our older stock, and samples of these new types are being built in England under the supervision of the Consulting Engineers who are also preparing the accurate working drawings of each type which are necessary in order to establish the principle of complete standardisation in regard to future supplies of these wagons.

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Workshop Reorganisation

37. In speaking of locomotives I mentioned the reduction in the time taken for heavy repairs. This also applies to wagons and coaching vehicles, and apart from its obvious effect on the numbers of locomotives and vehicles available for service the changes effected or which will shortly materialise will have an effect on costs which it is not yet possible to assess. Briefly it has been found possible by adopting certain methods to do the heavy repairs to a locomotive which formerly took on the average 140 days in something like 50. Whereas wagons were frequently in shops for 50 to 60 days it has been proved to be possible to do the necessary repairs in 8 days. Coaching vehicles which were formerly 70 days under repairs can, in some of our workshops, now be completely overhauled in 28 days. This is the result of better laid out and equipped workshops and of applying the principle of what is commonly known as "mass production" to repair work. As a method of manufacture this was evolved during the stress of war work, but its application to repairs is a new discovery, and if the Indian Railways cannot be credited with this discovery, we are at any rate amongst the earliest pioneers in putting it into practice. The method has for its objects:—

- (1) the correct sequence of repairs to component parts,
- (2) the balancing of workshop operations,
- (3) the concurrent working of the various labour gangs

I cannot without becoming too technical go into further details, but I may say that it has rendered many of our time-honoured workshop methods completely out of date. It was a realisation of the possibilities of this method, already introduced into one of our workshops, which led the Railway Board to obtain the services of the expert Committee to inquire into State Railway Workshops last cold weather

38. The report of that Committee in so far as it recommends the reorganisation of our workshops is now being made the basis of our workshop policy. It has led to the closing down of certain workshops which are both out of date and badly located, to the modification of the designs for remodelling some of the workshops and to the remodelling of others which require adaptation to the new methods and to fit them for the heavier vehicles we now use. I am aware that the report contains much severe criticism, and that this has been made, in some quarters, the text for an indictment of railway management in India generally. But all I have to say is that we asked for this criticism and were glad to get it and are not afraid of it. We know that in the light of experience gained in Great Britain and other countries we required modernisation, and we were anxious to let that light into our operations. We should, I think, have been rightly charged with dereliction of duty if we had not had the courage to lay bare the whole of our business to the expert and critical eyes of those whose knowledge was greater and more extensive than ours could be.

39. To effect a universal improvement in all our workshops on the same scale as I have indicated will take time and the expenditure of some money, although the outlay will be considerably less than it was originally anticipated that we should have to spend on modernising some of our workshops. And although we have already begun to benefit from the new process, particularly in the time factor, it will be some time before the measures now in hand to obtain the full benefit of reduction in costs can

be entirely productive. A beginning has been made, however, and as we have placed Mr. Wrench, a member of the Committee, on special duty in order to put the recommendation of the Committee into practice in the State Railway Workshops, we hope to make considerable progress in the coming year.

Recruitment of Staff.

40. The regulations for the recruitment in India of officers to most of the branches of railway service have been finally settled and were published in July last. For some of the less important branches regulations are nearly ready for issue and will be shortly published. The regulations are designed to carry out the decision of Government, adopted on the recommendation of the Lee Commission, to improve the facilities for training in India as rapidly as possible so as to permit of recruitment of 75 per cent. of vacancies in India. The publication, much to the relief of myself and my colleagues, marks the termination of such patronage as was exercised by the Railway Board in the past, for the preliminary selection of candidates for recruitment is now done by Provincial Committees, the final selection being made by the Public Service Commission as the result of a competitive examination. The regulations have been drawn up with the sole object of securing from the human material available the recruits best suited to the various branches of railway service, and the Railway Board hope that with the subsequent training which they will receive in practical work and at the Transportation School will result in the building up of a strong and efficient service in no way inferior to their predecessors.

41. Another aspect of recruitment is worthy of mention. I have referred to the difficulties involved in building up an organised staff to deal with the new programme of surveys and construction. Although we are planning construction for 5 years ahead and can in fact arrange our operations so as to employ a large staff continuously for that period, we should not be justified in looking further ahead than that nor in regarding a construction programme on this scale as a permanent feature of our future railway programme. We cannot, therefore, increase our permanent engineer staff by the number required to do this work, for we should thereby run the risk of having to terminate prematurely their services if at any time the programme had to be stopped or slowed down. To meet the difficulty we have had to do a considerable amount of recruitment on a temporary basis. We have engaged on one year's contracts such engineers as were available in India, after prolonged search and frequent advertisement, and we have also been able to obtain some trained engineers from England, both European and Indian, on 3 years' covenants. But we felt that the practical training which can be obtained on construction work is of great value to any engineer whether he is going to be a railway engineer hereafter or not, and we have therefore arranged with effect from last year to take on, on State Railways 17 engineering graduates yearly for practical training for one year. Of these 9 were taken from engineering colleges in India and 8 from those who had gone to Great Britain for their degrees. While we can offer to these men no definite hope of permanent employment, for recruitment to the permanent service must follow the lines laid down in the regulations I have referred to, we feel that they will be benefited by this training, and we shall be building up a reserve of practically trained men on whom either the railways or other public works may be able to draw in time of need.

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Travelling without Tickets.

42. The question of fraudulent travelling has received concentrated attention during the past year. It was at first thought that no relief from this constant source of loss of revenue could be obtained without recourse to legislation in order to make travelling without a ticket a cognisable offence. It was decided, however, after consulting the Central Advisory Council for Railways to defer such action until all other possible remedies had been tried. Further efforts on improved lines have been made however resulting in the detection of large numbers of cases and the recovery of considerable sums of money which indicate the possibility of keeping the evil in check if it may not be possible to eliminate it altogether. The most promising of these efforts has been the introduction of a system whereby a ticket checker travels on every carriage, under the constant supervision of an Inspector, and prevents the entry of passengers into the carriage unless tickets are held. On one portion of the East Indian Railway where this has been tried there have been satisfactory results in improved bookings and the instances of passengers travelling without tickets have been reduced to negligible figures. The method involves some expenditure and at first came in for a good deal of criticism from the travelling public. We are awaiting a report from the Agent, East Indian Railway, before considering whether the system cannot be beneficially introduced more widely.

Compensation Claims.

43. The measures taken to reduce the large payments on account of claims for compensation for goods lost or damaged on railways have met with considerable success. The question of the heavy increase in the amounts of these claims during and after the war was one of those matters which engaged the attention of the Incheape Committee. Both before and after this the Railway Board made very special efforts to reduce the amount of claims. The reorganisation and improvement in the watch and ward staff on railways, the improvement in the lighting of station yards and sheds, the adoption of a system of locking or rivetting wagons on all railways, surprise check of wagons at stations *en route* and, above all, stricter supervision over goods sheds and the loading and transhipping of goods, were among the methods adopted for reducing losses and thereby claims for compensation.

44. As a result of these measures the total bill has been steadily and rapidly decreasing. In the year 1922-23, the total payments amounted to 120 lakhs. It dropped to 79 lakhs in 1923-24 and 57 lakhs in the following year. In 1925-26, which is the latest year of which accounts are available, the total amounted only to 29 lakhs while the estimated payments in 1926-27 and 1927-28 are only 19 and 20 lakhs, respectively. These figures are less than the total paid in 1913-14, namely, 26 lakhs, in spite of the fact that there has been a considerable increase in traffic carried as compared with 1913-14. The percentage of claims paid to goods earnings was about one-half of 1 per cent. in the pre-war period, but went up to more than 2 per cent in 1922-23. It came down again to about one-half of 1 per cent in 1925-26, while the percentage in 1926-27 and 1927-28 is expected to be only about 1/3rd of 1 per cent. and thus shows a substantial improvement over pre-war figures. Looked at as

evidence of the increased care taken by Railways of property in their charge these figures I think show a satisfactory record.

Publicity.

45. The application of publicity work to the business of attracting new traffic to the railways has received increased attention during the current year, and we are planning to extend our operations in the near future. For some time past the Great Indian Peninsula Railway has been organising propaganda with a view to assisting and encouraging tourist traffic from abroad. This work was at first undertaken in Canada and the United States through the agency of the Canadian Pacific Railway, but has now been extended on behalf of all the State-managed railways, and we have been able to make mutual arrangements with the railways of Great Britain for the interchange of advertising space and material for advertisements and publicity work. No great expenditure is involved, but the success of the work depends on intelligent organisation. The traffic brought to the railways from these efforts is already considerable and has fully justified the efforts made. We are also taking up the more important side of this subject in publicity work in India itself, directed towards the encouragement of travelling and bringing to the notice of the public the services which the railways can render in the transportation of goods and produce. This work is being assisted by travelling cinemas on the State Railways which show films of Railway interest and attract large audiences. In addition to films of purely railway interest we have had films prepared on agricultural subjects, which it is hoped will have an educative effect on the cultivators and give them information about improved methods of agriculture. The connection of this work with railway business is through the stimulus which it is hoped will be given to railway traffic from improvements in methods of agriculture.

The organisation of all this publicity work takes the form of a publicity office on each State-managed railway co-ordinated by a Central office in Bombay, which is now being formed. The work is an essential part of the commercial side of railway business, and while many of our railways have reached a fairly high standard in the matter of advertising material produced, there is still a wide field of work in reaching the illiterate masses and enlightening them in regard to railway facilities. We hope to make a definite move forward in this direction with the organisation I have mentioned.

Accounts.

46. I mentioned last year that our railway accounts were to be subjected to expert examination with a view to adapting them on a commercial basis for the use of the administrative and executive officers engaged in the control of railways. This work is now in process, and Sir Arthur Dickinson, a very distinguished and experienced accountant, is engaged with his staff in visiting the various railways and investigating the present accounting system.

In dealing with statistics and accounts, greater use is continually being made of calculating machines, and an interesting development has been the experiment made during the past year on simplification of the division of freight accounts between different railways. The experiment has resulted in the discovery of a new and much simplified method of doing this work, and it has been decided to apply this method to the settlement of accounts

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between the various State Railways in a Clearing Accounts Office. This will result in considerable savings in expenditure as the new method is gradually introduced, but will also effect savings in time and is accompanied by great accuracy. It is probable that as the new method becomes established, the Company-managed railways will wish to have their accounts dealt with in the same way, and we, therefore, have the prospect in the early future of the establishment of a Clearing Office for all railways.

CONCLUSION.

47. I trust I have not wearied the Council with this recital of the railway position as viewed through the medium of our Budget papers. I have tried to give a review of our business in the short time available and have necessarily had to leave out a great many matters which are of public interest, and perhaps of particular interest to this Council. But I hope I have said enough to show that our general financial position is sound, that years of poor earnings like the present do not deter us from holding a sturdy optimism regarding the future, and that that optimism is a live factor in inducing us to look out for more business and to keep our costs down to the minimum compatible with efficiency. The record of the past few years has been one of great concentrated effort towards improvement, and although we have to acknowledge that in many directions we have not yet got the best out of our railways, memories must indeed be short if the changes that have taken place as the result of the combined effort on the part of all railway administrations are not recognised. At this stage perhaps I need only mention the facts that we have definitely overcome wagon shortage, we have been able to make substantial reductions in passenger fares, have met the normal demands of trade for transportation, have commenced an extensive construction programme and, lastly, we have been able to pay our fair interest charges and the agreed contribution to general revenues while making regular financial provision for the renewal of wasting assets. In the great work of steadily improving efficiency and introducing economies, the Railway Board have to acknowledge the wholehearted support and co-operation of the Agents, officers and men of the various railway administrations, and I take the opportunity of bringing to the notice of this Council the very valuable services which this large body of public servants is rendering to the country.

ELECTION OF THE PANEL FROM WHICH NOMINATIONS TO THE STANDING COMMITTEE FOR EMIGRATION ARE TO BE MADE.

THE HONOURABLE THE PRESIDENT: The period up to which nominations for three of the Standing Committees to be selected for attachment to the Departments of the Government of India could be received expired at noon. There have been received for the panel from which the quota of the Council of State on the Standing Committee for Emigration is to be nominated the following 8 nominations:

The Honourable Rai Bahadur Lala Ram Saran Das,
The Honourable Sardar Shivdev Singh Oberoi,
The Honourable Mr. V. Ramadas Pantulu,

The Honourable Colonel Nawab Sir Umar Hayat Khan,
The Honourable Mr. P. C. Desika Chari,
The Honourable Mr. Mahmood Suhrawardy
The Honourable Sir Phiroze C. Sethna,
The Honourable Sir Haroon Jaffer.

As the number of nominations is equivalent to the vacancies for the panel, I declare those 8 Honourable Members to be duly elected.

ELECTION OF THE PANEL FROM WHICH NOMINATIONS TO THE STANDING COMMITTEE FOR THE DEPARTMENT OF INDUSTRIES AND LABOUR ARE TO BE MADE.

THE HONOURABLE THE PRESIDENT: For the Standing Committee for the Department of Industries and Labour there are 6 nominations and, as there are also 6 vacancies, I declare the following Honourable Members to be duly elected

The Honourable Rai Bahadur Lala Ram Saran Das,
The Honourable Mr. P. C. Desika Chari,
The Honourable Sir Phiroze Sethna,
The Honourable Sir Arthur Froom,
The Honourable Sir Maneckji Dadabhoy,
The Honourable Sir Haroon Jaffer.

NOMINATIONS FOR THE PANEL FOR THE CENTRAL ADVISORY COMMITTEE FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT: For the Central Advisory Committee for Railways, the following 9 nominations have been received:

The Honourable Mr Mahmood Suhrawardy
The Honourable Rao Sahib Dr U. Rama Rau,
The Honourable Rai Bahadur Lala Ram Saran Das,
The Honourable Mr P. C. Desika Chari,
The Honourable Mr. V. Ramadas Pantulu,
The Honourable Sir Dinshaw Wacha,
The Honourable Sir Arthur Froom,
The Honourable Sir John Bell,
The Honourable Mr. Shah Muhammad Zubair.

As there are 9 nominations and 8 vacancies, an election is necessitated in this case and will take place at the meeting of Tuesday, the 22nd February.

The Council then adjourned till Eleven of the Clock on Monday, the 21st February, 1927.

COUNCIL OF STATE.

Monday, 21st February 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN.

The Honourable Maharaja Sir Muhammad Ali Muhammad Khan, of Mahmudabad. K.C.S.I., K.C.I.E. (United Provinces East: Muhammadan).

POSTPONEMENT OF QUESTIONS.

THE HONOURABLE THE PRESIDENT: I see that there are some 18 or 20 questions on the paper to-day. In view of the fact that the House has other important business to dispose of, business which under the rules must be disposed of to-day and cannot be adjourned, I suggest to the House that to-day's list of questions be postponed till to-morrow's meeting. Assuming that no Honourable Member has any urgent question among those on the paper to which he desires an answer immediately, I propose to follow that course.

STATEMENT *RE* SETTLEMENT REACHED AT THE CONFERENCE RECENTLY HELD IN SOUTH AFRICA.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (Member for Education, Health and Lands): Sir, in connection with the Round Table Conference which met in Cape Town in December and January last, the Union Government of South Africa have informed us that the tentative agreement which had been reached between their representatives and those of the Government of India has been ratified by them (Applause), and that they propose to announce the same to their Parliament to-day. The desirability of making a simultaneous announcement in both the countries will be apparent, and as it was one of the agreements between the leaders of the two delegations, I crave your permission to make the statement to-day on behalf of the Government of India. I will, Sir, in the first instance, read out the communiqué which is being issued to-day. It runs as follows:

"Communiqué.

1. It was announced in April, 1926, that the Government of India and the Government of the Union of South Africa had agreed to hold a Round Table Conference to explore all possible methods of settling the Indian question in the Union in a manner which would safeguard the maintenance of western standards of life in South Africa by just and legitimate means. The Conference assembled at Cape Town on December,

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17th and its session finished on January, 12th. There was, in these meetings, a full and frank exchange of views which has resulted in a truer appreciation of mutual difficulties and a united understanding to co-operate in the solution of a common problem in a spirit of friendliness and good-will.

Both Governments re-affirm their recognition of the right of South Africa to use all just and legitimate means for the maintenance of western standards of life.

2. The Union Government recognise that Indians domiciled in the Union, who are prepared to conform to western standards of life, should be enabled to do so.

3. For those Indians in the Union who may desire to avail themselves of it, the Union Government will organise a scheme of assisted emigration to India or other countries where western standards are not required. Union domicile will be lost after 3 years' continuous absence from the Union, in agreement with the proposed revision of the law relating to domicile which will be of general application. Emigrants under the assisted emigration scheme who desire to return to the Union within the 3 years will only be allowed to do so on refund to the Union Government of the cost of the assistance received by them.

4. The Government of India recognise their obligation to look after such emigrants on their arrival in India.

5. The admission into the Union of the wives and minor children of Indians permanently domiciled in the Union will be regulated by paragraph 3 of Resolution XXI of the Imperial Conference of 1918.

6. In the expectation that the difficulties with which the Union has been confronted will be materially lessened by the agreement now happily reached between the two Governments, and, in order that the agreement may come into operation under the most favourable auspices and have a fair trial, the Government of the Union of South Africa have decided not to proceed further with the Areas Reservation and Immigration and Registration (Further Provision) Bill.

7. The two Governments have agreed to watch the working of the agreement now reached and to exchange views from time to time as to any changes that experience may suggest.

8. The Government of the Union of South Africa have requested the Government of India to appoint an agent in order to secure continuous and effective co-operation between the two Governments."

I am laying on the table of the House an annexure to the announcement I have just made. This annexure gives in greater detail the terms of the agreement which has now been reached between the Government of India and the Government of the Union of South Africa. The following comments might help Honourable Members to follow the annexure more easily.

The first point is the declaration by the Union Government that they firmly believe in and adhere to the principle that it is the duty of every civilised Government to devise ways and means and to take all possible steps for the uplifting of every section of their permanent population to the full extent of their capacity, and accept the view that, in the provision of educational and other facilities, the considerable number of Indians who remain part of the permanent population should not be allowed to lag behind other sections of the population. This should dispel any apprehension that the "maintenance of western standards of life" does not include the upliftment of the Indian community to those standards. As earnest of their good-will, the Union Government propose (1) to advise the Government of Natal to appoint a Commission on Indian education; (2) to give attention to the provision of suitable hostel accommodation for Indians at the College at Fort Hare and to consider sympathetically other proposals to increase the attractiveness of that institution for them; and (3) to investigate the position in respect of sanitation and housing in the "peri-Durban" area where the problem is understood to be acute and, possibly, elsewhere.

and to consider in consultation with local authorities the most appropriate means of dealing with the situation, including (i) the formation of Advisory Committees of representative Indians; and (ii) the limitation of available municipal land sold with restrictions under the Durban Land Alienation Ordinance, No. 14 of 1922, and the Natal Boroughs and Township Land Ordinance, No. 5 of 1923. These Ordinances enable municipalities in Natal to transfer, with the consent of the Administrator, land belonging to them under restrictive conditions of a racial character as to occupation or ownership. It is hoped that, as a result of this investigation, the principle of consultation between the Indian community and local bodies in matters of municipal administration affecting the former may be established, and more municipal land of a suitable nature be made available for Indians for housing purposes. Industrial laws, like the Industrial Conciliation Act, 1924, and the Wages Act, 1925, will be administered so as to enable Indian employees in industry to take their place on the principle of equal pay for equal work.

The second point is the new scheme of assisted emigration which the Union Government propose to organise for those Indians who may desire to avail themselves of it. Honourable Members are doubtless aware that section 6 of the Union Act No. 22 of 1914, known as the Indians Relief Act, provides for the grant of free passage from any port in the Union to any port in India to any Indian who makes a written request for such passage and signs as a condition of the grant of such request a statement that he abandons on behalf of himself and his wife and all minor children (if any) all rights possessed by him or them to enter or reside in any part of the Union, together with all rights incidental to his or their domicile therein. This is an essential feature of the existing scheme of voluntary repatriation. Under the new scheme, Union domicile will not be lost except by three years' continuous absence from the Union in conformity with a proposed revision of the law which will be of general application, and an assisted emigrant wishing to return to the Union within the period of three years will be allowed to do so on repayment of the bonus and cost of passage including railway fares which he may have received on his own behalf and, if he has a family, on behalf of his family. Any objection that there might be to the existing scheme of voluntary repatriation on the ground that it requires of Indians wishing to avail themselves of it an irrevocable surrender of their Union domicile is thus removed. Another feature of the new arrangement is that each person of 16 years or over will be free to choose for himself whether he will or will not avail himself of the scheme of assisted emigration. At present for purposes of voluntary repatriation from South Africa, 21 years is treated as the age of majority and the Union domicile of a person under that age has to be signed away by the father if the latter wishes to avail himself of a free passage to India. It will be observed that the agreement provides for schemes of assisted emigration to be organised "to India and other countries". The phrase is intended to cover the emigration of Indians who may return to India from South Africa, to the Federated Malay States and to Ceylon under schemes of emigration from India to those countries which are now operative.

The third point is that, in regard to the entry into the Union of the wives and minor children of Indians resident in the Union, the principle underlying the Reciprocity Resolution of 1918 will be maintained, and that

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the prohibition of the entry of this class of persons after the 1st August, 1930, which was contemplated in the Areas Reservation and Immigration and Registration (Further Provision) Bill, is no longer envisaged.

The fourth point is that, in order to ensure effective and continuous co-operation between the two Governments, the Government of the Union of South Africa have requested the Government of India to appoint their agent in the Union. Direct relations between the two Governments will be permanently established if the Government of India accept the proposal which is now receiving their earnest consideration.

Lastly, to inaugurate under the most favourable auspices the agreement which has now happily been reached between the Government of India and the Government of the Union, the latter have decided not to proceed further with the Areas Reservation and Immigration and Registration (Further Provision) Bill. Honourable Members who have studied the provisions of that measure will appreciate with what relief this decision will be received by the Indian community in South Africa.

It is unnecessary to attempt an elaborate appreciation of the results of the Conference, of which a brief summary has been given. Honourable Members must judge for themselves. In doing so it is hoped they would bear in mind the position as it was a year ago. The Government of India are of opinion that the agreement reached is eminently satisfactory, and they have therefore ratified it. They are confident that the considered judgment of the Indian Legislature will be in favour of the action they have taken.

As leader of the delegation it is embarrassing for me to have to give expression to the appreciation of the Government of India of their work. Honourable Members will, however, I hope, acquit me of any spirit of vain glory or immodesty and recognise that, in what I am going to say now, I am acting merely as the spokesman of Government. They feel that the terms of the agreement reflect the utmost credit on our delegation which negotiated it. The Government and the people of India owe a great debt of gratitude to the whole delegation for the sagacity, skill and expedition with which they accomplished a difficult and delicate mission. Nor must we forget the services of the Paddison Deputation whose admirable preliminary work made a Round Table Conference possible. But it will be readily admitted that these satisfactory results could not have been secured unless the Government of South Africa had entered the Conference in a spirit of friendliness and good-will. In the reception which they gave to our delegates to the Conference, and in the courageous and sympathetic statesmanship which their representatives brought to bear on the solution of the Indian problem in South Africa, we have received unmistakable proof of the earnest desire of the Government and people of the Union to cultivate friendly relations with the Government and people of India. The agreement which has to-day been announced to the House is a convincing proof of their good-will. Let us treat it as such and endeavour to make it the basis of lasting friendship between India and South Africa. It is not suggested that all outstanding questions between the two countries have been solved. But the Government of India are confident that, if the spirit that prevailed at the recent Conference at Cape Town endures, ultimate solution of the Indian problem in South Africa in a manner that will be satisfactory and honourable to both countries is assured. (Applause.)

Annexure containing summary of the conclusions reached by the Round Table Conference on the Indian question in South Africa.

I. Scheme of assisted emigration.—(1) Any Indian of 16 years or over may avail himself of the scheme. In case of a family, the decision of the father will bind the wife and minor children under 16 years.

(2) Each person of 16 years of age or over will receive a bonus of £20 and each child under that age a sum of £10. No maximum shall be fixed for a family. A decrepit adult who is unable to earn his living by reason of a physical disability may, at the discretion of the Union authorities, receive a pension in lieu of, or in addition to, the bonus. The pension will be paid through some convenient official agency in India out of a fund provided by the Union Government to such amount as they may determine. It is expected that the amount required will not exceed £500 per annum in all.

In every case the bonus will be payable in India on arrival at destination or afterwards, through some banking institution of repute.

(3) Free passage, including railway fares to port of embarkation in South Africa and from port of landing in India to destination inland, will also be provided.

(4) Emigrants will travel to India *via* Bombay as well as *via* Madras. Emigrants landing at Bombay will be sent direct from the ship to their destination at the expense of the Union Government.

Survey and certification of ships shall be strictly supervised and conditions on the voyage especially in respect of sanitary arrangements, feeding and medical attendance, improved.

(5) Before a batch of emigrants leaves the Union, information will be sent to some designated authority in India at least one month in advance giving (a) a list of intending emigrants and their families, (b) their occupation in South Africa and the occupation or employment which they would require in India, and (c) the amount of cash and other resources which each possesses. On arrival in India emigrants will be (i) advised, and so far as possible, protected against squandering their cash or losing it to adventurers, and (ii) helped, as far as possible, to settle in occupations for which they are best suited by their aptitude or their resources. Any emigrant wishing to participate in emigration schemes authorised by the Government of India will be given the same facilities in India as Indian nationals.

(6) An assisted emigrant wishing to return to the Union will be allowed to do so within three years from the date of departure from South Africa. As condition precedent to re-entry, an emigrant shall refund in full to some recognized authority in India the bonus and cost of passage including railway fares received on his own behalf and if he has a family, on behalf of his family. A *pro rata* reduction will, however, be made (i) in respect of a member of the family who dies in the *interim* or a daughter who marries in India and does not return, and (ii) in other cases of unforeseen hardship, at the discretion of the Minister.

(7) After expiry of three years Union domicile will be lost in agreement with the proposed revision of the law relating to domicile which will be of general application. The period of three years will run from the date of departure from a port in the Union and expire on the last day of the third year. But to prevent the abuse of the bonus and free passage by persons who wish to pay temporary visits to India or elsewhere no person availing himself of the benefits of the scheme will be allowed to come back to the Union within less than one year from the date of his departure. For purposes of re-entry within the time limit of three years, the unity of the family group shall be recognised though in cases of unforeseen hardship the Minister of the Interior may allow one or more members of the family to stay behind. A son who goes with the family as a minor, attains majority outside the Union, marries there and has issue will be allowed to return to South Africa, but only if he comes with the rest of his father's family. In such cases he will be allowed to bring his wife and child or children with him. But a daughter who marries outside the Union will acquire the domicile of her husband and will not be admitted into the Union unless her husband is himself domiciled in the Union.

II. Entry of wives and minor children.—To give effect to paragraph 3 of the Reciprocity Resolution of the Imperial Conference of 1918, which intended that an

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Indian should be enabled to live a happy family life in the country in which he is domiciled, the entry of wives and children shall be governed by the following principles :—

- (a) The Government of India should certify that each individual for whom a right of entry is claimed, is the lawful wife or child, as the case may be, of the person who makes the claim.
- (b) Minor children should not be permitted to enter the Union unless accompanied by the mother, if alive, provided that—
 - (i) the mother is not already resident in the Union, and
 - (ii) the Minister may, in special cases, permit the entry of such children unaccompanied by their mother.
- (c) In the event of divorce no other wife should be permitted to enter the Union unless proof of such divorce to the satisfaction of the Minister has been submitted.
- (d) The definition of wife and child as given in the Indians Relief Act (No. 22 of 1914) shall remain in force.

III. *Upliftment of Indian community.*—(1) The Union Government firmly believe in and adhere to the principle that it is the duty of every civilised Government to devise ways and means and to take all possible steps for the uplifting of every section of their permanent population to the full extent of their capacity and opportunities, and accept the view that in the provision of educational and other facilities the considerable number of Indians who remain part of the permanent population should not be allowed to lag behind other sections of the people.

(2) It is difficult for the Union Government to take action, which is considerably in advance of public opinion, or to ignore difficulties arising out of the constitutional system of the Union under which the functions of Government are distributed between the Central Executive and the Provincial and minor local authorities. But the Union Government are willing :—

- (a) in view of the admittedly grave situation in respect of Indian education in Natal, to advise the provincial administration to appoint a provincial commission of inquiry and to obtain the assistance of an educational expert from the Government of India for the purpose of such inquiry;
- (b) to consider sympathetically the question of improving facilities for higher education by providing suitable hostel accommodation at the South African Native College at Fort Hare and otherwise improving the attractiveness of the institution for Indians;
- (c) to take special steps under the Public Health Act for an investigation into sanitary and housing conditions in and around Durban which will include the question of—
 - (i) the appointment of Advisory Committees of representative Indians; and
 - (ii) the limitation of the sale of municipal land subject to restrictive covenants.

(3) The principle underlying the Industrial Conciliation Act (No. 11 of 1924) and the Wages Act (No. 27 of 1925) which enables all employees including Indians to take their places on the basis of equal pay for equal work will be adhered to.

(4) When the time for the revision of the existing trade licensing laws arrives, the Union Government will give all due consideration to the suggestions made by the Government of India Delegation that the discretionary powers of local authorities might reasonably be limited in the following ways :—

- (1) The grounds on which a licence may be refused should be laid down by Statute.
- (2) The reasons for which a licence is refused should be recorded.
- (3) There should be a right of appeal in cases of first applications and transfers, as well as in cases of renewals, to the courts or to some other impartial tribunal.

IV. *Appointment of Agent.*—If the Government of the Union of South Africa make representations to the Government of India to appoint an agent in the Union in order to secure continuous and effective co-operation between the two Governments, the Government of India will be willing to consider such a request.

GENERAL DISCUSSION OF THE RAILWAY BUDGET.

THE HONOURABLE THE PRESIDENT: The Council will now proceed to the general discussion of the Budget, Part I. I would remind the Council that power vests in the Chair to fix a time-limit for speeches. This is a power that has not hitherto been exercised by the Chair, and I hope the discussion will be so conducted to-day that it will not be necessary for me to break that record.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab: Nominated Non-Official): Sir, I congratulate the Railway Department on the Budget which was the only solution under the circumstances owing to various difficulties. I stand to make no speech, and I do hope that the House will try to follow this example.

THE HONOURABLE MR. P. C. DESIKA (HARI (Burma: General): Sir, the Railway Budget this year requires greater scrutiny than in previous years because we find that the Railway Finance Committee of the other House had not sufficient time to examine the details of the Budget as they used to have in previous years, but I believe this matter may be left to the Members of the other House who will have the privilege of voting on the grants to scrutinise the Budget more carefully. I find the request of this House to issue the statement of expenditure and revenue in foolscap size has been complied with, and we are thankful to the Department for having given us a statement in that form. We are also thankful to them for providing us with maps and diagrams which enable us at a glance to find out the proposed construction during the next five years and the length, cost and the programme which is set out year by year during the next five years. I admit some credit is due to the Railway Board for a better and more efficient service of the Railway Administration, but I do not readily admit the claim made on behalf of the Railway Administration that they have made the best use of the available resources in the interest of the large number of users of railways. I believe such a claim can only be sustained if the interests of the bulk of the population, the agriculturists who are concerned more with the carrying of passengers and trade over short distances, is best served. Unless these people get full benefit of reduction of fares and freights and unless the third class passengers in general get a considerable reduction of fares on all lines, I think it cannot be said that the resources now available have been made the fullest use of in the interests of the users of railway lines.

Now, coming to the question of the loss during the current year by floods, I should like to invite particular attention to the damages caused to the extent of 30 lakhs in Burma. No doubt this year the devastation owing to floods was higher and the dislocation of traffic was for a longer period than usual, but this difficulty owing to floods is an early feature in Burma and I think it is the duty of the railway administration to look to it properly and see that proper engineering skill is brought into full play in remedying the defects once and for all, so that the weak points may be strengthened by proper bridging and other arrangements. Unless this is done we are likely to have losses of this kind every year. It will be an interesting study to note the value of stores and unfinished works that have been washed away year after year, and I think it will pay to have a greater watch and ward on the operations during the floods at all these weak points.

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I am gratified to note that there is a saving of 20 lakhs of rupees in the cost of administration and similar savings in repairs and maintenance, and it is also a matter for congratulation that further economies to the extent of a quarter of a crore per annum may be expected in the near future, and I hope no pains will be spared in finding out all avenues of economy and retrenchment in the matter of administration, so that we may have greater funds for utilisation on the improvement of the railways and in various other ways. As regards the capital expenditure we find that more use is being made of contractors. I hope these contractors are all Indian contractors and no attempt is being made to replace the old Indian contractors in railway construction by other contractors. I am also glad to notice that special amenities have been provided for third class passengers and that a sum of 2½ crores has been provided for this purpose, but I am sorry to note that Burma, so far as I can see, does not get any share out of this special provision of 2½ crores for third class passengers.

Coming to the question of new construction, I find that so far as Burma is concerned, out of a total mileage of 1,620 for the whole of India, Burma alone will have 650 miles of new construction. But a feeling of despondency comes over me when I see that though a vast amount is spent in Burma on new construction, the Indo-Burma connection, which is a necessary corollary to the principle of connecting up Presidency-towns with each other, has been relegated to the background indefinitely. I find from the speech of the Honourable the Chief Commissioner for Railways here and the speech of the Honourable Member for Commerce in the other House that the Local Government of Burma has been a good deal congratulated on its co-operation with the Central Government. I hope this co-operation has not got anything to do with the putting off of the Indo-Burma connection indefinitely. On the other hand, I find that the Government of India in co-operation with the Burma Government have been pushing on with an international connection, that with Siam, through country which is much more difficult. To use the expression used in the explanatory memorandum, the line is taken through an inhospitable country interspersed with mangrove swamps with an extraordinarily difficult engineering feat of having to tunnel through a mile and a quarter of a solid granite mountain, added to which is the difficulty of bridging several creeks which lie in the way. In the face of all these difficulties I cannot understand how this international connection is preferred to the Indo-Burma connection, which is more necessary. Also I find that the Siam connection is likely to result in a considerable loss of revenue every year, as it is stated that for the first 125 miles alone there will be a loss of over 14½ lakhs every year. In these circumstances, I cannot but regret the statement that the Local Government has co-operated with the Central Government and the Railway Administration here without any effect being given to the long-promised Indo-Burma connection. I have no hesitation in saying that the same tender feeling with the Government of India entertains towards British shipping companies, which has been the cause of its not giving effect to the Marine Inquiry Committee's Report, has been the cause of putting off indefinitely the railway connection between India and Burma. For I find in the case of some of these railways in Burma, especially the Pyinmana-Megwe Railway, the interests of the capitalist exploiters are put in the forefront. That is an oil area and considerable care is taken to push

through this railway line, and though it is stated that this line will possibly be a link in the connection between India and Burma, I am not disillusioned about the intentions of the Government of India. This Siam connection is also in the interests of the exploiters of timber and rubber and tin and other minerals. A statement, not exactly of course to that effect, is made in this connection at page 32 of the explanatory memorandum.

As regards railway workshops I see that the Railway Administration has decided upon the modernisation of its workshops. It has been found that many are out of date and new workshops are to be built more useful for the purpose for which they are intended. In this connection I see that many locomotives and wagons may not be needed in the immediate future, and I think this would be a splendid opportunity to so modernise our workshops in the light of experience in England and in other countries as to have the plant necessary to make our own locomotives and wagons and other materials which at present are imported. If this is done I believe that a large proportion of our unemployment problem would be solved.

As regards recruitment, Indians in Burma with superior qualifications in the higher subordinate staff, I think, deserve to have their claims considered and adequately recognized by the promotion of those who have served a good portion of their lives on the railway to the ranks of officers. I do not think there is much hope for these people so long as the Burma Railways continue to function in Burma, and I hope that the present management, being so unprogressive and so unresponsive to popular demands, may not have a long existence there. I believe the contract with the Burma Railways is shortly to expire and I hope and trust that the Government will lose no time in taking over the management without giving a further lease of life to the present Company which I would characterise as an unrepentant sinner which is not likely to improve in any way. No time should be lost in replacing it.

I want to say one word about the Indianization of the Railway Board. The State, through the Board, is the owner and manager of the Indian Railways and should place the management in the hands of Indians who would know best where the interests of the country lie. Repeated demands have been made in this connection, but I regret to note that no attempt has been made to introduce an Indian element into the Railway Board. This House will not rest content until one Indian at least is appointed in the near future to the Railway Board.

As regards the Rates Tribunal, I believe it has not got much work because people have no faith in the working of an Advisory Committee and a Statutory Committee would be a better thing. It will be looked upon with greater favour and will get some work to do. And then, seeing that the Rates Tribunal has not got much to do, it may be desirable to widen the scope of its activities by empowering the Tribunal to arbitrate in all matters of dispute between labour and the various railway administrations. I find a statement is made that local Advisory Councils have done excellent work in various parts of the country, and I would suggest that Members of the Central Legislature living in the various localities may be included in the local Advisory Councils so as to enhance the usefulness of these Councils. I believe the effect of the adoption of a 16-penny ratio has been a good deal exaggerated. But it would be out of place for me to go into details on this question of ratio, and I hope

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Honourable Members who are in favour of a 16-penny ratio will not be alarmed at the results which are put forward—results which, I think, are to some extent vitiated by *suppressio veri*, and *suggestio falsi*.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadian): Sir, it is a matter of satisfaction to us that the Railway Board and the various Railway Administrations have succeeded in effecting improvements in services, in the coaching stock, in yards, in workshops, in the reduction of passenger fares, in the decrease of claims for compensation and in reduction in store balances. For these the Railway Board and the Railways concerned deserve credit. I also welcome the new constructions programme which will lead to the further development of our country; but along with this, I wish the Railways to give first preference to Indian material and Indian manufacture in their requirements, and that steel and other sleepers should not be purchased from abroad until there is an actual dearth of timber sleepers in India. As regards the present convention of a contribution to the general revenues of the country, I suggest that until these new constructions begin to pay their way, this convention ought to be revised. With due deference to the Railway Board, I must say that their new policy of putting engineering officers in charge of the Stores Department is a wrong one. As the engineers, civil or mechanical, are the chief consumers of the stores, it is not the right policy that a member of their services should be in charge. I deplore the fact that there has been an excess purchase of 30,000 wagons entailing an expenditure of about 15½ crores which has saddled this country with a yearly charge for interest of about Rs. 77½ lakhs. I should like the Chief Commissioner for Railways to throw some light on the question whether this proposition was not well explored before the orders were placed. As regards the so-called shortage of wagons after the war, in my opinion, as I have often said, it was also due to three causes. One cause was that owing to the war, the vacuum brakes of a great number of wagons were removed and were sent abroad and this reduced the load of trains and thus effected a shortage in wagons. Another cause was that a great number of such wagons were used as godowns at various junction stations owing to there being insufficient accommodation in goods sheds. I see, Sir, that the Bengal and North-Western Railway have proposed a yearly dividend of 16 per cent. recently. Although our State Railways are earning a return of 4.77 per cent, the Bengal and North-Western Railway is making a profit of 16 per cent. I cannot understand why affairs are so, and why the Railway Department of the Government of India do not pay attention to the various complaints against the Bengal and North-Western Railway in their irresponsiveness to the popular demands. A little explanation from the Chief Commissioner will illuminate matters.

Sir, there was one extra statement with the usual publications that we got with the Railway Budget, and that is a note by the Financial Commissioner for Railways on the effect of the ratio of 1s. 4d. on the Railway Budget. I cannot sufficiently deplore the decision of the Government to have the question of the ratio considered in connection with the Budgets this year, but as enough has been said on this subject in another place, I will not take up the time of this House by further remarks in that connection. The supreme importance of

having the ratio considered by the Legislature in an impartial and calm atmosphere, with the only motive that the ratio settled upon is for the ultimate good of the country from every possible point of view, necessitates that this House should not be influenced by the considerations put down in the Financial Commissioner's memorandum—considerations which I would, with all deference but at the same time with a conviction, call very much exaggerated considerations favouring the 1s. 6d. ratio; and I regret the complete silence regarding the salutary effects of the 1s. 4d. ratio on the volume of goods and passenger traffic. It is conceded on all sides that the 1s. 4d. ratio will encourage exports and to that extent it cannot be doubted that it will bring more traffic to the railways. If you look at the Railway Board Reports for the past two years, you will find enough said therein to justify this remark. The undoubted fact that the 1s. 4d. ratio will make more rupees (over 30 crores yearly) available to the cultivators and therefore increase their purchasing power must also conduce to better trade in imports and I understand that even in Manchester the opinion is now gaining ground that Manchester's prosperity as far as the Indian piece-goods market is concerned is very much dependent on the prosperity of the Indian cultivator. Here then comes the benefit to the Indian Railways by the correct ratio being put on the Statute-book, and there is no doubt that this correct ratio can only be the ratio which has been in force from 1898 almost up to 1924, with the exception of about 18 months or so, when a rate higher than 1s. 4d. gold prevailed under circumstances which I need not relate to-day. Since October 1924 of course Appendix 98 to the Royal Currency Commission's Report tells us how 1s. 4d. gold was exceeded by arrangement and by intention by the Government of India.

To deal with the figures given in the memorandum under reference I think that the only figures that can be admitted are those given in paragraphs 2 (a), (d) and (c) totalling in all about Rs. 1 crore and 7 lakhs.

Regarding the figures given in paragraph 1 which are made out to mount up to Rs. 5 crores 11 lakhs, I am afraid that none of these are figures that can be accepted. I wish to ask whether the question of adjustment can extend over a period of five years, and if it is claimed by Government that adjustments are complete to 1s. 6d. within less than two years, it is surprising to see the Financial Commissioner refer to the items under 2 (b) and (c) or 4 (c) and (d). Regarding 4 (a), where an increase of at least 2½ crores is indicated in the memorandum on wages, I really wonder if the Government of India contend whether the wages of Indian Railways are just enough, or whether they hold that the increases given since 1914 on the Railways are really substantial, and almost without precedent in any other Department of the Government as far as labour is concerned. For the reasons which I have mentioned above I feel that no justification can be seen in the increases sought to be made out under 8 (a) and 9 (a). What the Financial Commissioner overlooks is that with the correct ratio on the Statute-book, and the standard of monetary payment left at the figure which has been prevalent for about 25 years, the country and the trade of the country will return to normality, and in fact will be given the last chance of escaping a serious strain. I feel confident that if Government did not insist on their prestige, but regarded facts squarely in the face and took the correct attitude, which

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Indian public opinion wants them to, the Railways of India would within a few months be blessed with surplus budgets. If, on the other hand, efforts are made to force the 1s. 6d. ratio on the Statute-book despite all the warnings that are being sounded from various quarters, I, at any rate, will not be surprised to see a few more wails in Railway Bills presented to this House in years to come. I do not wish to labour this point at this juncture, as this House will have a say in connection with the ratio at a later date. But I cannot help expressing my honest convictions as stated above.

I have been urging, and the Stores Purchase Committee has also urged, that the stores for Indian Railways should be purchased on the rupee basis. Not much attention has been paid to this matter. In connection with the Kumbh Mela which is approaching now, I wish to suggest that return tickets at double single fares available for a month should be issued so that the pilgrims may not have to undergo the worry and trouble of purchasing their tickets for return journeys at Hardwar. In this connection I wish to point out to the Railway Administration that at these big congregations epidemics generally break out and cholera is one of the principal epidemics which often breaks out at such huge gatherings. I would suggest that the Railway Department ought to have within distances of 200 miles on Hardwar a number of temporary hospitals to treat cases of cholera from the trains. I also take this occasion to suggest to the Railway Administration that third class return tickets along with intermediate and higher class return tickets ought to be made available for the chief pilgrim stations at concession rates in order to encourage better traffic and more returns. At the present time at important junctions like Lahore, Multan, Rawalpindi and other places the quarters for the running staff of railway employees are not sufficient, and I draw the attention of the Railway Board to this important matter. In big cities, although accommodation can be had on rent from private sources, the rents are so high that the employees of the railway with their present salaries cannot afford to pay them. I also wish to point out that on the roadside stations the arrangements for lighting the platforms are very poor. The electric lighting of stations by incoming and outgoing trains has recently been introduced on certain trains and on certain Railways, but that does not very much help the passengers. The passengers on roadside stations come at least a few hours before the trains arrive and they are without sufficient lights until the trains arrive. So there have been cases of theft on the platforms and though the attention of the Railway Department was drawn to this matter last year, it has not met with any effect. In these days when the cost of living has gone up and when there is an increase in the fares I would suggest that there should be no luggage charge on account of the bedding of the third and intermediate class passengers. What I mean is, that while weighing the luggage the bedding of the third and intermediate class passengers should be free as in the case of the upper class passengers. I would also suggest that at important stations the booking windows for lady passengers ought to be separate. I find that the rush at important stations is so great that it is very inconvenient for ladies to buy their tickets. This year I am glad to see that a good provision has been made for sanitation, but in this connection I want to draw the attention of the Railway Board to the filthy condition of the permanent way at important stations like Lahore, Delhi, etc.

If you go in the morning to these stations you will find that there is an offensive smell owing to the presence of night soil on the permanent way adjoining the platforms. I wish that some action should be taken to remove this nuisance, and I would suggest that by the platforms pucca pavements be provided and additional staff of sweepers be employed to avoid the present filthy and insanitary state of affairs. In the third class railway carriages at present the lavatory arrangements are poor. The ordinary iron sheet platforms and the ordinary iron funnels are provided, and the rush to use these lavatories is so great that there is always a stinking smell from the lavatories. I would suggest that enamelled iron should be used and that more sanitary and better equipment should be provided. We are indebted to Sir Clement Hindley for his frank statement regarding bridge design, locomotives, wagons, workshops reorganisation, etc., which bring to light the deplorable state of affairs which existed in the management of the Railways during the last 50 or 75 years. I sympathise with the Railway Board that after all in 50 or 75 years they have now found how things have been managed in the past. As regards workshop repairs to wagons and locomotives I wish to cite what Sir Clement Hindley himself has said:

"Briefly it has been found possible by adopting certain methods to do the heavy repairs to a locomotive which formerly took on the average 140 days in something like 50 days. Whereas wagons were frequently in shops for 50 to 60 days it has been proved to be possible to do the necessary repairs in 6 days. Coaching vehicles which were formerly 70 days under repairs can, in some of our workshops, now be completely overhauled in 28 days."

It is to be deplored that the Railway Board and the Administrations did not properly examine this slack state of affairs. Was that not responsible for the shortage of wagons? Certainly it was. Lately, at the request of the Railway Finance Committee, the Raven Committee was appointed which went into the management and equipment of workshops, and I am obliged to Sir Raven, Mr. Wrench and other members who were on that Committee for bringing to light such a deplorable state of affairs.

As regards recruitment of Services, I moved a Resolution in this Honourable House asking the Government to recruit the mechanical staff, particularly the senior subordinate mechanical staff, from the qualified students of the various mechanical engineering colleges in India. In the debate on that Resolution Mr. Chadwick, now Sir T. Chadwick, dilated upon the recruitment of officers alone. My intention in moving that Resolution was not only that it should apply to officers, but also to the subordinate staff. He never touched the point of recruitment of subordinates although I laid stress on it. The Roorkee College has, as I said in my speech then, proved a great success and some of the engineers from that college have proved to be distinguished engineers. I would like the Government of India to adopt a similar step by recruiting the subordinate mechanical staff from the qualified students of these colleges. I would like the Honourable the Chief Commissioner to throw some light on what the Government of India have decided in this important matter. I am grateful that in the officer grade of

12 Noon. officers there has been a distinct improvement in Indianisation, but as regards the subordinate staff, and particularly in the traffic operative side, the increase has been very meagre and I wish now again to draw attention to that fact. There is also a rumour afloat that the term of Divisional Superintendents on the various Railways will be fixed at three years. After three years they will have to revert to their substantive

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appointments. I think this will adversely effect sound administration because as soon as an officer comes to know his division well, he will be on the eve of reversion. I wish the Honourable the Chief Commissioner to throw some light on this subject, as to whether this policy is going to be adopted. As regards Indian refreshment cars, I mean the cars for Hindus and Muslims, the cars at present running are of what I should call an antiquated design. They require improvement and they should be brought up to date with sanitary floors and better furnishing. If the Chief Commissioner will go into the present cars which are running on the various Railways he will be convinced that the public grievance on this point is right. Some time ago the Railway Department decided that in certain services Indians and Anglo-Indians are to be put on the same scales of pay. How the North-Western Railway carried out this decision and policy of the Government of India, particularly as regards confirmation and promotion of the interlocking and signalling inspectors and sub-inspectors on that Railway, is an example of how the policy of the Government of India is carried out by some of the administrations concerned. In this connection I may say that the basis of promotion or confirmation of the various subordinates in various grades was effected not on the basis of their service but on their pay. I am sorry that sometimes things like that happen and so it is the duty of the Railway Department to see that the policy which they dictate to the various administrations is fully carried out. Last year I represented that in the servants' compartments of the higher class of carriages there ought to be lavatories. The Great Indian Peninsula Railway has adopted that and I wish that the other Railways would also be made to adopt it. With these remarks I resume my seat.

THE HONOURABLE MR MAHENDRA PRASAD (Bihar and Orissa Non-Muhammadian): The Honourable Sir Clement Hindley, Chief Commissioner for Railways, deserves, and rightly deserves, our best congratulations for the ability and lucidity he has shown in presenting the Railway Budget. Although the earnings for the last three months of the year have not been as assuring as they should have been for receipts have been no less and the prospects gloomy, still the adjustment of figures worked out by the Honourable Sir Clement Hindley speak to his testimony and are by no means a cause for despondency. One could be reasonably disappointed at the way in which an attempt has been made to apply the axe to the reserve to the extent of 7 lakhs for making up the deficit in the Central Revenues due to the falling off in the income and the profits of railways. Still the cut applied is so meagre that it could be tolerated without substantially marring the future prospect of the reserve. Besides, the reserves in all financial adjustments are meant for such emergency.

Sir, I cannot help making some remarks regarding the unsatisfactory working and administration of some of the Railways. I take this opportunity of mentioning a few points regarding the Bengal and North-Western Railway which is not a State-managed Railway. It is worked on contract by a company. I may be permitted here to refer the Honourable Members to my questions Nos. 41 and 42. The apathy and utter callousness shown by the Bengal and North-Western Railway to the carrying needs of the travelling public is a fact quite patent to Members and, as

the Honourable Lala Ram Saran Das has told us, they are getting a dividend of 16 per cent., whereas the State Railways are declaring only about 4 per cent.; they have a much larger profit than other Railways and with all that they are not at all looking to the convenience of their passengers. This is just the time for the Honourable Member here to take steps to see that passengers on the Bengal and North-Western Railway are not put to that sort of trouble and worry. There is absolutely no arrangement for drinking water. If a man starts from Sonapur and goes right up to Chapra, a distance of 32 miles, there is absolutely no arrangement for any water on the way. The lighting arrangements on the Bengal and North-Western Railway are extremely bad. Just a few minutes before the arrival of the trains some lights near the railway station are lighted and passengers arriving there are put to awful trouble. There are also no passenger sheds. There are two fast trains on that line, one called 1 Up and the other 2 Down and they stop only at very important stations. Even at those stations there is no arrangement for passengers of the first and second classes or for third class passengers, which is a most unsatisfactory state of affairs. No doubt it is not a State-managed Railway, but the Railway Board without unduly interfering with the Agents should bring pressure on them to make the needed reforms.

There is only one more point I want to refer to. As regards the new construction work already in hand, and proposed to be taken up hereafter, one cannot but express his satisfaction upon the varying standards to be introduced in the construction of railways to suit the special nature of the area served, but one thing I would like to suggest and that is, that this variation in standards should in no way leave a loop-hole for the authorities, whoever they may be, for an escape from the responsibility which they legally and morally owe to the travelling public.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce): Sir, I propose to follow the example of my Honourable and gallant friend, Sir Umar Hayat Khan, and be brief. I do not think that the Railway Budget this year invites any very wide discussion. We sympathise with the Chief Commissioner for Railways inasmuch as his hopes in respect of the budget figures for 1926-27 have not been realised. At the same time we recognise that the results might have been considerably worse but for the very able administration of the Railways under his guidance. Sir, any one who frames a budget of necessity is a speculator, and if he is forced to be a speculator I quite agree that he should be a cheery one. When speaking on the Railway Budget last year I admired the optimism of the Chief Commissioner in framing his Budget for 1926-27 with an estimated increase of about 2½ crores over the revised figures for 1925-26. That the revised estimates for this year show a considerable loss on the workings of last year is perhaps unfortunate, but after all there is no great harm done, and perhaps it is better to have an optimistic budget if too great reliance is not placed upon the figures. I see that the budget estimate for 1927-28 is worked out in a more restrained form and I hope, as we all hope, that the Chief Commissioner's figures will be realized. In fact I think they should be.

One of the features, Sir, in the report which we have all had before us and which appeals to me perhaps more than any other, is the explanation

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given under capital expenditure. I think it is a matter for very great congratulation that the various Agents of the Railways in India have exceeded the capital grant by no less than one crore. It is quite true that they were not given all they asked for; they were given 26 crores; but this year, I think for the first time for very many years, they have exceeded their grant,—as I have said, by one crore,—and I think that is a matter for considerable congratulation. Presumably that old bogey of programme revenue has been laid for ever. We used to receive complaints that the Agents could not spend the capital grants because they had not sufficient revenue money to spend it with. Now that this apparently has disappeared I think it is a matter for which we should extend our felicitations to the Chief Commissioner. This result appears to have been attained by giving a freer hand to the Agents of Railways, who after all are immediately responsible for the successful working of their lines, and this is a procedure which I approve of entirely.

Next, Sir, I should like to refer very briefly to wagons and I congratulate the Railway Board on overcoming what for many years was the great cry of a shortage of wagons. When we used to protest in and out of season, and with very great reason, about shortage of wagons, we never laid down that there should be more wagons built, but we always expressed the opinion that the existing wagons were not promptly, efficiently and adequately handled. This difficulty has now apparently been overcome by improvements in the marshalling yards, by better locomotives and better permanent ways, and I hope that this old bogey of shortage of wagons has been laid for ever.

I would just refer back, Sir, for a brief moment to the revised estimates for the current year. Presumably the Chief Commissioner is disappointed that he has not got a surplus, but it will save him a great deal of criticism and applications. Whenever there is a surplus everybody wants to have a bit of it. This time he is in a position to say: 'Well, we have done our best; we cannot overcome unforeseen circumstances and we have got nothing to give away'. But Sir, in referring to this I have in mind a Resolution which was carried in this Chamber not very many days ago, and that was a Resolution dealing with the road communications in this great country, having for its object the improvement of motor transport facilities. The Honourable the Commerce Member was present and in his reply he agreed with the view that I put forward that improved motor transport facilities would bring more grist to the mill of the Railways. Improved motor transport facilities would open up larger agricultural areas; there would be more produce to be moved; it would bring greater prosperity to the agriculturist in the country and in its train greater prosperity to the Railways. I am referring to this, Sir, because there is one point I should like to bring to the attention of the Chief Commissioner, and that is, you cannot run motor transport without petrol and the price of petrol up-country is enormous. I cannot think of any other word to describe it, and what partly contributes to the price up-country is the rate charged by Railways. I strongly urge the Chief Commissioner that when he has funds available he should at once consider the question of a reduction of the price of petrol conveyed in tank wagons.

Sir, I feel I cannot conclude the few remarks I have to make without referring to this very capable pamphlet drawn up by the Financial Commissioner for Railways. Some sort of effort has been made by the speakers before me to cast a slur over the memorandum which shows that would be the greater cost of our Railways were the present ratio of exchange, which has existed for some years now, brought down to a lower level. However much you may try to slur over this pamphlet you cannot get away from the figures. I do not propose now, Sir, to enter into any discussion as to the ratio of the rupee in this country. That presumably will come later, but I do contend that no Honourable Member in this Council can justly ignore the figures placed before us by Mr. Parsons.

Sir, I am sure it is a matter for regret to all the Honourable Members of this Council that this, I believe, is to be the last Railway Budget to be presented to us by Sir Clement Hindley. Sir Clement Hindley has been with us for a number of years now, and I am very sorry that we are unlikely to see him here next year. Any representations we have made to him have always been received with the greatest sympathy, and I think many criticisms have been disarmed by his most pleasant and cheery smile when we go to see him. I remember, when speaking on the Railway Budget last year, I mentioned with regret that we were unlikely to see the Railway Member with us this year—he certainly is not with us at the present time in body, but no doubt his spirit is with us. I am glad that regret was not realized and I trust that in the case of Sir Clement Hindley we shall also have him with us for some longer period. Sir, I have no further remarks to make on this Budget. As I said at the commencement of my short speech, I think that we can honestly congratulate Sir Clement Hindley and the Railway Board for making the best of a very bad year.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadan): Sir, before I proceed to enter into a detailed criticism of the Railway Budget, I would like to make one or two general observations, which, I trust, will receive due consideration at the hands of the Government. In the first place, I have to complain about the inadequacy of the time allotted for study and scrutiny of the Budget. Two days' time in my opinion is hardly enough; at least one week should elapse between the presentation of the Budget and the date of discussion thereof. Secondly, Sir, we are told by the Honourable Sir Clement Hindley, in his lucid and interesting speech, that "with these papers (meaning the Budget and other interconnected documents) and the recently issued Report by the Railway Board on the Railways of India for 1925-26, any one with sufficient leisure can make himself fully informed of the affairs of the Indian Railways during last year, the present year and the current year". But, Sir, I have to point out in this connection that copies of the Administration Reports of the Railway Board and the various Railway Administrations are not distributed to the Honourable Members of the Central Legislatures. These Administration Reports are undoubtedly very important documents, containing as they do, a full account of the railway activities, their policy, and the programme of work done and left undone in a particular year for which the Central Legislatures have voted Grants. These White, Blue and Pink books are practically of no use to us, if we have no means of knowing how the funds have been spent in the past and whether they have been properly spent or not. I know the Government will say that

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the Reports are there in the Library and are open for inspection at any time. But, when it is considered that a good number of the Honourable Members of both the Houses apply for these Reports, of which only half-a-dozen copies or so are kept in the Library and that, during the two days' interval allotted, one day happens to be a Sunday, I think it is not worth while attempting to get it. Apart from that, I maintain we are entitled to get these Reports as soon as published, and I see no justification for Government withholding such publications from us. If it be in the interest of economy to effect some savings under Stationery and Printing, I think it is false economy, and for my part, I would prefer having the Annual Administration Reports of all the departments under the control of the Central Government to getting Gazettes and other useless publications week after week, which are only consigned to the waste-paper basket. Lastly, Sir, I have to bring to the notice of the Government of India and the Railway Board the awkward position in which we, the members of the Central Legislatures are placed, when local railway grievances of a trifling character are sought to be redressed. The Honourable Sir Clement Hindley reminds us of the fallacy of the view that is generally held that the Railway Board directly manages all Railways and should be cognisant of and responsible for all details of the work, even the affairs of every little outlying station in India, and adds that an immense organization or series of organizations such as is represented by Indian Railways can only be controlled by successive delegations of power and responsibility, such as must necessarily exclude from the Central organization the detailed knowledge of many things which affect the service which Railways render to the public and go to influence the character of public criticism. I quite appreciate the force of his argument and fully realize the difficulties of the Railway Board. It is, however, most unfortunate, Sir, that in the administration of the Railways, as in the general administration of India, that blessed system of Dvarchy or Double government prevails. On the one hand, we have the State-managed Railways, which develop rapidly under the fostering care and close supervision of the Railway Board and the Central Legislatures, while, on the other, we have a number of State-owned but Company-managed Railways which are practically independent of the Railway Board and the Central Legislatures, except in so far as financial control and control of a technical nature are concerned. We have noticed, Sir, the indifferent attitude of the Railway Board, when they lay down a definite policy for the State-managed Railways to pursue, such for instance as the provision of housing accommodation of the Railway staff, and convert it into a general policy for the Company-managed Railways to adopt, which is only optional and not obligatory. We, the elected representatives of the people in this House, owe a duty to our constituencies. There are many railway grievances, trifling and important, which the Railway Companies have long neglected to redress. These, naturally, come to our notice and I would ask the Honourable Sir Clement Hindley to put himself in our position and say what he would do to right these wrongs. Will he run up to the Agent of the Railway Administration or his subordinate officials and lay the case before him, or will he wait on any Local Advisory Committee Member and request him to take up the question and move the subject in the Committee? Does he consider these courses desirable or even advisable? What is the alternative course open, if the reply is an emphatic "no" or if his back-door method of representa-

tion fails in the end? Will he not be compelled to move this massive machinery of the Central Legislatures for the redress of these grievances, great or small, unmindful of the result and thus do his duty to his constituents and thereby console his conscience? This, then Sir, is exactly our position to-day, and if the Government or the Railway Board really want us to discuss only the general railway policy in the Central Legislatures, as they evidently hint that we should do, we would gladly do so, provided they shew us some other channel to ventilate local grievances. So far as I know, the only available channel at present is the Local Advisory Committee, however powerless and helpless it may be to enforce its views on the autocratic Railway Administrations, and I would, therefore, venture to suggest that the Members of the Central Legislatures be represented in the Local Advisory Committees so that local grievances might in the first instance be tackled at the Advisory Committee meetings and brought before the Central Legislatures if no satisfactory response was forthcoming. For the Madras Presidency, Sir, 4 seats might be allotted, 2 for the South Indian Railway and 2 for the Madras and Southern Mahratta Railway, the members to be elected from among the elected Members of the Central Legislatures of that Province, the Council of State and the Legislative Assembly being represented in an equal proportion in each Advisory Committee. The Advisory Committees should not be made to deal with passenger traffic alone, but should be entrusted with real powers to advise the company in all matters of administration, finance, new construction works and so on. This step will be conducive to smooth working and a better understanding between the Railway Administrations and the representatives of the people in the Central Legislatures, besides saving a lot of time and trouble to the Railway Board, and I hope the Government of India will give heed to this suggestion.

Now, coming to the Railway Budget I find it is somewhat disappointing. There is none of those redeeming features of last year's Budget therein, which drew forth due praise from all quarters of the House and caused heavy showers of encomiums to fall on the Head of the Railway Administration. But, if to-day, Sir, these showers of praises are sparse, it is due to no fault on the part of the Honourable the Commerce and Railway Member. As he has already explained in the other House, the monsoon was treacherous to him during the current year which caused unprecedented showers of rain to fall in some parts of the country damaging crops and dislocating railway traffic and no showers at all in other parts, bringing in its train famine and a heavy fall in trade. This accounts for the deficit in the revised estimate for 1926-27, to the extent of 7 lakhs. This deficit has been made up from drawings from the Reserve Fund and this is the first time, and I hope it will be the last, when this reserve strength will be requisitioned to deal with such deficits. The budget estimate for 1927-28 appears to be promising as it leaves a net profit of 7.10 crores out of which the general revenues get 548 lakhs and the Reserve Fund 162 lakhs and, unless the events of the current year, I mean the monsoon freaks, are repeated or other unforeseen contingencies arise, such as the currency debacle, there is no reason to be pessimistic about the future.

Sir, the merit of the Budget depends on two factors (1) the contentment of the railway staff and the cordial relationship that subsists

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between the employers and employees, and (2) the comfort and conveniences afforded to the travelling public. Under the first heading come (a) the pay and prospects of the employees, (b) the housing accommodation and other comforts of the staff, (c) the medical, educational and other facilities given to the employees, their families and children. There is no doubt a good deal of advancement made in recent years by the State-managed Railways and they have rightly earned the good-will and gratitude of their employees. But the condition of the employees in the Company-managed Railways is one of stagnation and misery. The employees in these Railways are denied even a living wage. Our Province is peculiarly unfortunate in having both the railway systems, the South Indian Railway and Madras and Southern Mahratta Railway, under company management. The attitude of these companies towards their employees is generally unfair and unsympathetic. The lowest scale of pay in the clerical staff is only Rs. 20 in each of these Railways, while the initial pay everywhere else is double that amount. Even after 10 years' service, these people cannot reach the minimum in Government service. The same tale can be told even of the wages of the traffic, workshop and engineering staff. The reply of the Agent of the South Indian Railway to the representation recently made by the employees to give them a living wage is interesting and is merely a reflection of the attitude taken by the Honourable Sir Charles Innes in reply to an interpellation in the other House on the subject of living wage. The Agent said :

"The question has been very carefully considered and there appears to be no adequate reasons for the minimum wage to be fixed at any specified amount. The principle of supply and demand entirely governs this question all the world over and an exception cannot be made on this Railway. At the present moment, the supply exceeds the demand and there is therefore no adequate reason for any alteration for the minimum rates of pay as at present."

No doubt the problem of unemployment is acute everywhere in India, but no undue advantage should be taken by employers of the law of supply and demand to coerce the men to work for low wages. The disparity in wages between railway employees and Government employees naturally breeds discontent among the former and ultimately leads to disastrous effects. The recent strike in Kharagpur on the Bengal Nagpur Railway, culminating in shooting and other acts of intimidation and oppression, are the result of widespread discontent among the staff, due to the narrow-minded policy of the Railway administration and their unsympathetic treatment of the staff. The Railway Board and the Government of India cannot sit with folded hands and shirk their duty and responsibility towards the public who are affected mostly by constant strikes such as these; they must appoint forthwith a Committee of Inquiry to go into the whole question of the wages of the employees in all the Company-managed railways in India, their housing conditions and the like and thus try to alleviate their present pitiable condition.

Turning next to the housing accommodation of the railway staff, the new policy adumbrated by the Government of India is perhaps the outcome of the adoption of the principle of Commercialization of accounts which always places profits above comforts. One of the principles laid down is that rent not exceeding 10 per cent. of the emoluments should be charged for all quarters except those for menial staff, and that staff at present in employ who are given free quarters will be given a compensation

allowance equal to the amount charged. This in my opinion is a retrograde step. Whatever may happen to the rest of the railway staff, the traffic staff at any rate, such as station masters, assistant station masters, booking clerks, porters and other menials ought to be provided with free quarters. These quarters must be located very near the station and close to each other and made burglar-proof. A recent case of theft in the station master's house in Papanasam, a station on the metre gauge section of the South Indian Railway, is reported in the *Hindu* of the 10th instant, and as it gives not only a succinct account of the occurrence of theft but also describes in choice words the nature of the housing accommodation provided by the Company for their traffic staff, I am tempted to quote the same here, for the edification of the Honourable Members of this House and the Head of the Railway Administration in India:

"On Thursday night, some robbers broke into the house of the Station master of Papanasam and carried away clothes and jewels valued at about Rs. 250. The thieves had, it appears, entered by the *unbarred venetian window* of the house and ransacked every nook and corner with great leisure while the inmates were fast asleep. Fortunately, no one was molested and personal ornaments were left untouched. The Station master raised a cry on knowing the occurrence but no body could come to his help from the Station which is not within hearing distance."

Such a disgraceful state of affairs should be mended forthwith and if the Government think that it could not be done, it must be ended by the Government taking over these Railways themselves under State control.

Then, Sir, as regards medical and educational facilities I understand that inquiries have been and are being made and I trust that the same facilities as are afforded to the State railway employees may be extended to the Company-managed Railway employees as well.

With regard to the comforts of the travelling public, I find no improvement in their lot so far as Company-managed Railways are concerned. For the amenities of third class passengers a sum of Rs. 219.58 lakhs is provided in the Budget and I do not know whether the Railways in the Southern Presidency get a share in this and if so, how much. I take it that this provision is meant for State-managed Railways only. I wish in future that details of allocation of this amount to the different Railways may be given in the Budget, which will be more useful. As regards reduction of fares and freights, providence was against us, but still it is gratifying to note that the North-Western and East Indian Railways have made a drastic reduction in third class fares from 3 pies to 2 pies per mile for distances over three hundred miles. The South Indian and the Madras and Southern Mahratta Railways have made a reduction of $\frac{1}{2}$ pie and $\frac{1}{4}$ pie, respectively, for distances between 50 and 100 miles and we are thankful to them for this small mercy. The season ticket fares in respect of Suburban traffic have not been reduced on any of these lines and, unless that is done early, I am afraid much of their traffic will be captured by the Bus service, which is very active in and around Madras. I give this note of warning to the Railway Board, because there is the financial interest of the Government involved here and seeing that the average lead of third class passenger traffic is only 24 miles on the South Indian Railway and 82 miles on the Madras and Southern Mahratta Railway; no undue diversion of passenger traffic should be allowed so as to tell upon the revenues from the Suburban passenger traffic. With regard to new construction works, I am glad to note, Sir, that the claim of the West Coast

[Dr. U. Rama Rau.]

has at last been recognized and a small beginning is proposed to be made by the construction of the Mangalore-Malpe line.

One word more, Sir, about Indianization of Services and I have done. I know it is an unpleasant topic to deal with and I know also that the very word "Indianization" is anathema to the Government. So I do not propose to say anything more now than that the progress so far made has been halting and unsatisfactory and that, at this rate, the prospects of Indianization are far more remote. No Indian has as yet been appointed to the Railway Board and there are only about 4 superior appointments at present held in the Audit and Engineering Departments in State Railways. The other Railways treat this question of Indianization with a very light heart and there is delay at every step in the matter not only of recruitment of Indians to the superior services, but also in giving them speedy training. It is a matter for consolation, however, to find that the work of recruitment has been transferred from the Railway Board to the Provincial Committees in the first instance, the final selection being made by the Public Service Commission as the result of a competitive examination. It is hoped that ere long the railway systems in India will be manned mostly by Indian officers who will prove as worthy and as efficient as European officers and help to promote the material advancement of this country.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): I agree with my Honourable friend, Sir Arthur Froom, that this year's Budget does not afford a wide scope for discussion and therefore my observations also on this occasion will be fairly brief. This Budget will appeal to every one as a straightforward business document and anybody who studies it carefully will find that in it the Railway Board have grappled with many important problems and have come to definite conclusions upon some important matters of policy which are in the best interests of the country. A Budget that grapples with difficulties of such a nature, which provides against all reasonable possibilities of shortage of wagons and an extensive construction programme which meets the normal demands of trade for the transportation both of passengers and goods and which has been able to pay our fair interest charges and meet the stipulated amount of contribution to the Government revenues must necessarily be regarded as a very satisfactory Budget. Of course, it has not made any provision for iron bars to the station masters' quarters and against thefts in their quarters or for the long list of indictment which my Honourable friend, Dr. Rama Rau has referred in his speech.

But I am convinced that all Honourable Members will consider this as a fairly satisfactory Budget. This Budget, as Honourable Members will have already seen, is prepared on the basis of the 1s. 6d. ratio. I do not propose to-day to enter into any discussion of that question because to my mind it is unnecessary and needless to do so. The Council will have another opportunity at the budget time and also on the occasion of the Currency Bill to discuss this most important question which has evoked such a great deal of controversy in this country. The keynote of this Budget is that our financial position is perfectly sound. The Railway Board have exercised all their powers and responsibilities prudently and have watched the interest of the public at large as well as the proprietors and users of railways. In this Budget also Honourable Members must have fully discerned that there are clear indications of the Railway Board's intention and desire to carry out the recommendations both of the Acworth

and Incheape Committees and as a matter of fact during the last three years most of those recommendations have been given effect to and a few recommendations still remain to be put into operation. I have not the slightest doubt that in a short time they will be effectively put into operation. This year has unfortunately not been a very favourable year for the collection of railway revenue, but the management of a railway business is extremely difficult. Railway finance, as Honourable Members are aware, is a fluctuating and precarious factor. It would be impossible for the Railway Board or for this Council to expect that the revenues which railways may earn in any particular year can always be steadily kept up. Much depends on unexpected and unforeseen circumstances and considering all that I think we ought not to be disappointed with the somewhat slender revenues which the Railway Board have been in a position to obtain for the year 1926-27. At any rate we shall be able to pay our usual contribution to the general revenues only by drawing a comparatively small sum of 7 lakhs of rupees from the general reserve. That is a satisfactory state of things on which the Railway Board ought to be congratulated. Of course we cannot always expect prosperous years like 1924-25 in the matter of railway earnings. These are windfalls which occasionally occur and if we have our normal revenues and are in a position to meet our normal charges and undertake a fairly large programme of new construction work, I should consider it a very encouraging Budget. This makes it necessary for the Railway Board to see that the reserves are carefully built up and kept intact. The working of the last three years to my mind has fully demonstrated the wisdom of the policy of financial separation of the Railway Budget from the General Budget and the basic principles underlying that separation. A provision for allocating large sums of money to the reserves is necessary in view of the obligations under the separation convention and these obligations are of a very drastic character. We may find in a certain year of financial difficulty our inability to meet the usual payment towards the general revenues, but there is no doubt that the railways are our wonderful assets and I think India ought to be proud of them. I see no country in the world which can present a parallel of a productive asset like ours to the extent of 600 crores, and which yields a satisfactory revenue and which is incontestably a great factor of strength to the general revenues of the country. Much depends on the wisdom and foresight with which these finances are handled and general expenditure kept under control and I am glad to state that we have in the Railway Board a very able President who has up to now steered the ship of railway finances with masterly ability.

Sir, there are three or four points of considerable importance in this budget. I am glad to find that the Railway Board have succeeded in reducing expenditure in the matter of their coal expenditure and this is extremely encouraging. I am glad the Railway administration have also definitely decided to help the several provinces by taking second class coal and saving a large sum of money by way of transport charges, and I trust that the policy which has been initiated by Sir Clement Hindley will be pursued vigorously and better monetary results are bound to ensue. It is also a matter for great gratification that in the year under report the Railway Board have been in a fortunate position to buy their coal more cheaply than before and have placed their contracts for coal at more favourable rates. Certain Honourable Members have made some observations regarding the recruitment of services. However it is a matter worth noticing that the regulations regarding the recruitment in India of officers

{Sir Maneckji Dadabhoy.}

and men for various departments of railway services have now been published. Those regulations are of a very hopeful and cheering nature and every effort is being made to put into force the recommendations of the Lee Commission regarding the recruitment of officers in India to the extent of 75 per cent. I am sure Honourable Members must have already noticed that those regulations have been framed with one single aim, the object of securing the best Indians for Railway service in this country. My friend the Honourable Mr. Chari has this morning stated that he would not be pleased until he saw an Indian occupying a post on the Railway Board. I personally sympathise with him and share his views. I feel certain that you all agree with him and I hope that the day will not be long distant when we shall see an Indian on the Railway Board and a qualified gentleman will be available for that appointment. But let me remind the Council that the work which the Railway Board has to do is of a highly technical and expert character. That work involves not only office work but knowledge of engineering and the technical part of the manifold activities of the Railway Department, and unless a man is thoroughly capable, unless a man is fit and qualified by previous knowledge and practical experience to hold that post, it would not be in the interests of India to have a man on the Railway Board merely because he is an Indian. These matters must take time. Progress has already been made in this direction, thanks to the Lee Commission's Report, and the Railway Department have themselves already treated with considerable sympathy the aspirations of Indians in this direction. The appointment of a large body of Indians in the higher posts during the last three years sufficiently demonstrates to my mind the active sympathy which the Railway Board have shown in this direction. There is no cause for disappointment; there is no cause for regret or worry; things are bound to improve and there will soon be a time when the expectations of my Honourable friend Mr. Chari will be fulfilled.

Sir, I am glad to notice that the Railway Board has made a distinct departure in the matter of execution of new construction works. They have decided now to get their works done by private agency. This is distinctly an improvement, but it has also its disadvantages. My friend the Honourable Mr. Chari this morning stated that he hoped that all these new contracts would be given to Indians. I hope the Railway Department will do nothing of the kind. I trust the Railway Department will keep one aim in view, namely, that the works are efficiently carried out and are entrusted only to such people, whether they be Indians, Englishmen or foreigners, who will give the best possible terms, whose tenders are the lowest and from whom you can get an assurance that the works will be carried out with consummate efficiency. There ought to be no question of racial consideration in a matter like this, and I deprecate the argument which has been advanced by my friend the Honourable Mr. Chari this morning. The Railway Board's imperative duty is to work in the best interests of the country, in the best interests of economy and in the best interests of efficiency. I would also warn the Railway Department against another danger in this direction. There is certainly an advantage in the matter of carrying out these works by way of private contracts, but sometimes contract work is not so effectively and efficiently performed as departmental work. There is a great deal of scamping often going on; there is a great deal of dishonesty at times in carrying out the work, but I

have not the slightest doubt that the Railway Department will exercise careful supervision and see that the general tax-payer does not suffer in any way.

I am also glad to notice that the Railway Department has taken effective measures for the purpose of guarding their revenues and are now in a position to get better returns from their passenger traffic by the preventive methods adopted by them to stop passengers travelling without tickets. The action taken by the Railway Board in not making these offences cognizable will meet with the Council's approval. At the same time I hope they will see that the passengers are not unnecessarily molested in any way while they are guarding their revenue interests. I would also in this connection suggest that if the Railway Board is interested rightly in the matter of looking after its income, it is also bound to look after the interests of passengers travelling and using their lines. There have been of late many cases of thefts on railway platforms and in carriages, and while the Railway Board are looking after their revenue, which is a commendable thing, I trust they will also see that necessary measures are adopted for the purpose of protecting passengers from being robbed while travelling on their lines. Sir, it is a source of great satisfaction, not only to the Members of this Council but also to the country at large, that the Railway Board have allotted an item of 2½ crores for the improvement of the standard of comfort for lower class passengers. I am glad that refreshment rooms, waiting rooms, adequate water supply at stations, booking and sanitary arrangements and other important improvements are to be at once taken in hand. This amount of 2½ crores will enable the Railway Board to meet the grievances of the travelling public in this direction, and I confidently trust this will be a recurring grant in future Budgets. I should like to see a much larger sum spent annually on the comforts of the lower class travelling public from which the railway companies derive large income.

Sir, I do not propose to detain the Council any further. The Budget, as I have said before, is a satisfactory one and there is nothing much to cavil about. I only hope that the railway income next year will very considerably improve. That will perhaps depend on many circumstances. The whole fabric of railway administration will depend on the attitude which this Council adopts within the next 15 days on the matter of the adjudication of the ratio. I have not the slightest doubt that the Indian Legislature with its well-informed, well-meaning and alert Members will see that India's interests do not suffer in any way and that no additional burden is put on the head of the already overburdened general tax-payer.

Sir, I will conclude now with only one word. It is a matter of much regret that we shall shortly lose the services of the Chief Commissioner for Railways. I entirely associate myself in this connection with the observations which have fallen from my friend Sir Arthur Froom. I can testify personally to those remarks. During the last three years I have closely watched the work done by Sir Clement Hindley in connection with the Railway Board. It was a fortuitous and a very lucky circumstance that at the time when the separation of railway finance from general finance was contemplated, this country could fall back upon an officer of great capacity, of sound knowledge, judgment and information like the Honourable Sir Clement Hindley. The work which he has done during the last three years is open to the public gaze. He

1 P.M.

[Sir Maneckji Dadabhoy.]

has set our railway finances right; he has made railways very attractive; he has solved many intricate difficulties of the railway administration and he has shown to the country how railways could be expanded and improved with advantage to the State and to the general tax-payer, and how its income could be satisfactorily increased without causing a burden to the travelling public. I am sure that when the modern history of the work of the Railway Department, and particularly during the last three years, comes to be written, the greater portion of the credit for the skilful and successful management of the Railways and for the satisfactory basis on which the Railway Department has been placed will incontestably be ascribed to him.

THE HONOURABLE SIR ARTHUR FROMM (Bombay Chamber of Commerce): Sir, may I put a question affecting the convenience of Honourable Members of this House? Sir, as you are aware and no doubt as Honourable Members of this House are aware, this afternoon there is to be a display by the Royal Air Force. This, Sir, is not a mere spectacular display but it is at once educative and instructive, and I believe it has been fixed to take place during the present meetings of the Central Legislature so that Members might go and see the Royal Air Force work. I wish to enquire, Sir, whether you would be pleased so to arrange this debate as to give Honourable Members of this House, should they wish it, an opportunity of seeing this display this afternoon.

THE HONOURABLE LALA SUKHBIR SINHA (United Provinces. Northern: Non-Muhammadan): I strongly support this.

Several Honourable Members: "I also."

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, much as I sympathise with the object of Sir Arthur Fromm, I think I ought to take exception to the legitimate work of the Legislature being curtailed by a desire to witness the display. Only one day is allotted to us to discuss the Railway Budget. Personally I am quite willing to forego my desire to speak, but at the same time I think we should be putting an undue strain upon the time allotted for the work of the House by asking the House to adjourn practically at lunch time—because I think the display is to begin at half past two, that is, only half an hour practically remains. I think it is extremely unfair to this House to make the suggestion, and therefore I feel constrained to say that it is not proper.

THE HONOURABLE THE PRESIDENT: I did not understand the Honourable Sir Arthur Fromm to suggest that the regular business of the Council should be curtailed. I understood him to ask the Chair to make arrangements whereby Honourable Members should be enabled to see the display, by which I understood him to mean that, if necessary, the Council might adjourn in time to enable them to attend the display and, when the display was over, should then resume and finish the discussion on the Railway Budget. It is a little difficult for me to foresee how long the discussion will last. The last Honourable Member began his speech by saying that he would be brief; he then proceeded to make the longest speech of the day; moreover I am not able to say how many Honourable Members wish to speak. For the moment at all events, we will continue the discussion. The Honourable Lala Sukhbir Sinha.

THE HONOURABLE LALA SUKHBIR SINHA: Sir, I will be as brief as possible and will only say a few words. It is a matter of regret to find that although the Railway Board did their best and although we had a good agricultural year, the revenues of the Railways did not come up to the estimates and there was a deficit, and it is also regrettable to find that there is not to be a reduction in third class passenger rates or goods freights for which there is a general demand in the country. I hope and trust that the coming year will be more prosperous, and the Railway Board will find it possible to make a reduction in third class passenger fares as well as in the goods freights.

The second point that I want to bring to the notice of the Railway Board is about the recruitment of Indians, I mean more Indians, for the railway services. There is a general complaint that more Indians ought to be taken into the services, as it cannot be denied that Indians can do as efficient work as others. There is no reason why the Railway Board should not try to take more Indians into the service. I admit that they have taken more Indians in the service than before but they ought to take still more Indians.

The next point is that from the new railway projects I find that they are going to have a railway line from Rohtak to Panipat. I would suggest to the Railway Board for their consideration that this line may be extended to Luxur or Hardwar passing through Shimli, Muzaffarnagar and Roorkee, by which means a good deal of loading and unloading on the way could be avoided, and it would be a great relief to the merchants who have to take goods from one line to the other line. The second proposal is to extend the line from Karanpriva to Kathgodam passing through Naini Tal, I mean to (at this stage the Honourable Member was conversing with another Honourable Member) . . .

THE HONOURABLE THE PRESIDENT: The Honourable Member ought to address the Chair.

THE HONOURABLE LALA SUKHBIR SINHA: My proposal, Sir, is that this line proposed to be done only up to Karanpriva may be extended to Kathgodam so that the whole hilly tract might be open for traffic as well as for passengers.

Another point, Sir, is about the Hardwar Kumbh fair that is coming on the 12th April. I have come to know from the Government and railway officers that they are doing their best to cope with the traffic, but it is my experience of many years as well as of the last Kumbh fair, that the Railway Department generally use wagons for carrying passengers on these occasions. These wagons are very uncomfortable, having no sitting accommodation, and having no proper lights or ventilation. I would strongly suggest that so far as possible these wagons should not be used at the time of fairs. Hardwar is said to be a place from where cholera breaks out and spreads to other parts, and I wish and hope that Government and the Railway Department will try their best to put a stop to the spread of cholera from this place and remove this bad name from our most religious place in the country. If proper steps are taken by the Railway Department and the sanitary and health authorities, I am sure there will be no spread of cholera from Hardwar either at the time of the Kumbh fair or at some other time. Sir, there is a proposal to collect a

[Lala Sukhbir Sinha.]

pilgrim tax for Hardwar through the Railway Department. They already collect some tax, but the proposal is to increase that tax on this occasion. I am strongly opposed to the collection of such taxes by the Railway Board. The Municipal Board may collect them as they like—it is a local matter, but, I think, the Government should look into the matter and discourage this collection through the Railway Department.

The last point is about the ratio. I am not going into it in detail on this occasion. It is a very big question and a very complicated one. But I wish to point out that this ratio question should be settled in such a way that it may not hit the poor cultivators of the country. For the improvement of agriculture a Royal Commission has been appointed and they are taking evidence, and I hope that the question of the ratio will not be decided in a hurry but will be carefully considered and thoroughly threshed out so that it may not affect the poor cultivators.

THE HONOURABLE RAJA SIR RAMPAL SINGH (United Provinces Central: Non-Muhammadan): Sir, the speech delivered by the Honourable Sir Clement Hindley the other day in this House and the lucid manner in which he explained the sound financial position which the Railways have attained since the separation of their finances from general revenues have given us a clear insight into the workings of the Railway Administration, the progress so far achieved and the bright future that is in store. I heartily congratulate the Honourable the Commerce Member, the Railway Board and all those who have been helpful in bringing about this success. No doubt it must have been a little disappointing to them to trench upon the Reserve Fund to the extent of 7 lakhs but that was due to shortage of income from traffic resulting from climatic causes over which no one could have any control. It is a matter of gratification to the people and we appreciate it very much that without loss of efficiency economy has been the key note of the administration.

Sir, it is very easy to criticise and suggest a decrease in fares and freights but it is difficult to make both ends meet with enough margin for future development. It is but natural for us and we consider it our duty to press for relief to the travelling public and I have every hope that when the time comes the Administration will readily come forward to grant it. It has already given testimony of its practical sympathy in that direction even at some financial risk.

Sir, I take this opportunity of giving expression to the gratitude of the people of Oudh and of the United Provinces in general to the Railway Board for providing Lucknow with a railway station which not only affords comforts to all classes of passengers as well as traders but has added beauty to the capital of Oudh. While we are very grateful for this improvement, I cannot refrain from mentioning that the removal of the Traffic Audit and Statistical offices from Lucknow has hit the city hard in several ways. I will not dwell on that point as that is now an accomplished fact. The location of the Clearing House office mentioned in the last but one paragraph of the Honourable Sir Clement Hindley's speech must be under the consideration of the Railway Board.

The whole scheme is in an experimental stage. I would ask that the claims of Lucknow on the grounds of economy and on its being a central place will not be overlooked and I hope that this Clearing House will be

stationed in that city and that the houses that have been vacated by the railway servants will be occupied under this arrangement. Again I congratulate the Railway Board on the success that they have achieved.

THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI (East Bengal: Non-Muhammadan): Sir, as a representative of East Bengal, I shall confine my observations to the condition of things prevailing in the Eastern Bengal Railway Administration and I shall briefly relate the various grievances that the public and those employed by that Railway are suffering from. So far as the public are concerned the foremost of all complaints is the admittedly high rate of fares prevailing on the Eastern Bengal Railway. This, the Government say, is due to the system being unremunerative. One fails to understand why this is so specially when the province through which it runs and the province of Assam which it serves as the main outlet are both so rich in their material resources, unless it be due to the existence of several steamer companies which ply their steamers between Patna and Goalundo, Assam and Goalundo, and Naraingunj and Calcutta. In order to make this railway system profitable, it is therefore necessary that this line should be so extended as to compete with these natural high-ways of traffic. The joining of the upper Assam railway system with the northern section of the Eastern Bengal Railway has to a great extent diverted the traffic of Upper Assam and North Bengal along the railway line but no attempt has up till now been made to divert the traffic from the other two natural high-ways, namely, from Goalundo to Patna by the Ganges and from Naraingunj to Calcutta which runs most circuitously through the delta of the Ganges.

In order to secure the traffic passing through these routes we have been urging for nearly a quarter of a century the construction of two railway lines, one from Dacca to Aricha on the opposite side of Goalundo and another from the opposite side of Goalundo in the Pabna district *via* Pabna to Issurdi or Natore so as to connect from there by the newly projected Natore Nachoul line the Bengal and North-Western Railway with the Eastern Bengal Railway. This will not only serve as a most direct route from Bihar and the United Provinces to East Bengal, but may in future be further extended to link Burma with India,

The Government have only this year taken up the surveying of the first project and say that the other project is also in contemplation, but they do not give us any assurance whatsoever as to when they will be in a position to take it up. The people of Pabna have been insistently urging the construction of this line; theirs is the only district in Bengal whose headquarters and most of the important places in the interior are unconnected by railway communication, although that is a district which is almost at the centre of the province.

During the recent communal riots they have been keenly feeling the absence of any rapid means of communication from place to place and their District Board had also long ago come forward with a proposal of their own to construct a branch line from Issurdi to Pabna.

The recent abolition of the system of issuing 14 days' return tickets to intermediate class passengers will also cause a great hardship to the poor middle class population of East Bengal. The rate of fares prevailing on the Eastern Bengal Railway is, as I have already stated, very

[Mr. Kumar Sankar Roy Choudhuri.]

high and a further raising of fares like this will cause great hardship to the travelling public. These return journey tickets serve as an inducement to people to make frequent journeys by railway and should be encouraged rather than discouraged. Moreover, the income of the Eastern Bengal Railway has risen this year and it is therefore time that the Government should see their way to reduce the fares of this line and bring them into line with the East Indian Railway and give all possible facilities and inducements for frequent travelling so as to make the line a more paying one.

Another grievance that the public are suffering from and which is more keenly felt by them on account of the stringent enforcement of the rule of preventing people from travelling without tickets is the want of facilities given to the passengers, specially those travelling in the third class, for the purchase of tickets. No doubt at important stations arrangements have been made for selling tickets in advance; but this facility can hardly be availed of by people who generally travel in the third class partly on account of their ignorance and partly because of the inconvenience of going to the booking office once to get the ticket and again to avail themselves of the train. Moreover this facility has not been extended to roadside stations where trains stop only for a short time, and in spite of rules recently promulgated station masters never as a matter of fact open their booking offices more than a few minutes before the train arrives so that it often happens that people cannot purchase their tickets and are left behind. As a large number of inspectors are going to be employed to check and prevent persons from travelling without tickets, they may as well be empowered to sell tickets to those who have not been able to purchase tickets through shortness of time or other *bonâ fide* causes.

Proper facilities are also not given to lower class passengers for booking their luggage and if they are not previously booked they are charged for on the trains without making any allowance for the number of tickets held by a passenger to which he would have been otherwise entitled. This works as a great and undue hardship to the people and travelling checkers ought to be enjoined to make allowances for tickets in case luggage has not already been booked for them. Another inconvenience specially felt by third and intermediate class passengers is due to the failure of water supply in the latrines. Considering the large number of passengers that are huddled into these carriages the quantity of water that is or is supposed to be supplied but hardly ever done is entirely inadequate and passengers are put to great inconvenience through inadequacy or failure of the supply.

Coming now to the grievances of the railway employees I submit that the initial pay of the menials (Rs. 11 only) and clerks (Rs. 22) is very inadequate. Government are perhaps aware that almost about 95 per cent. of the Indian subordinate staff are indebted to the Co-operative Credit Societies and unless the pay of these people is increased at an early date, their condition will grow from bad to worse.

The accommodation available in Indian staff quarters also is meagre and insufficient and unhealthy and needs improvement. Invidious distinctions are also being made between Indians on the one hand and Europeans and Anglo-Indians on the other not only as regards pay but

also as regards prospects and promotion, and I may point out the following instances of such injustice being done to Indians:

- (1) Although there are many European and Anglo-Indian drivers who get the maximum pay of Rs. 220 there is hardly any Indian driver who gets it.
- (2) Although the number of Indian subordinate officers who have passed through the Chandausi Training School course in Transportation successfully in 1926 is 23 and the Europeans and Anglo-Indians who have done so number only 6, only three of them have been promoted to the higher services and they all belong to the latter class.
- (3) In appointing guards in the case of Anglo-Indians, probationers are taken and trained for a period of one year at a monthly salary of Rs. 100, within which time they are allowed to sit for the guards' examination, whereas in the case of Indians they are taken on probation only after they have passed that examination and even then at a pay much less than Rs. 100.
- (4) So in the case of appointment of station masters—Europeans have to pass through a nominal commercial examination whereas Indians must pass through an examination in telegraphy as well as the commercial examination and as soon as the examination is passed, almost all the important railway stations on higher pay are manned by Anglo-Indians.
- (5) In the matter of dress also—European station masters get one set of warm coat and trousers of good material and two sets of white drill coats and trousers whereas Indian station masters get only one warm coat of much inferior stuff and two drill coats and no trousers at all.

These are some among the many grievances the subordinate staff of the Eastern Bengal Railway are suffering from, but they are in no way special to this line. The grievances are keenly felt by almost all the subordinate staff in almost all the lines. Repeated Resolutions have been moved in the Assembly for the redress of these grievances and I think it is time now that the Government should give the matter their earnest consideration.

THE HONOURABLE MR. R. D. MORARJI (Bombay: Non-Muhammadan): We note that the Financial Commissioner for Railways has threatened the country with terrible consequences if the ratio is to be at 1s. 4d. He says that the reduction in net receipts in 1927-28 will be by over 3 crores, and eventually by about 6½ crores per year; there may also be a possible rise in rates and fares in the forthcoming year and the omission of some of the new lines and other works from the programme of construction. Sir, the discussion on the ratio question will come up in this House in due course; but the House cannot be stampeded into accepting the official point of view by means of these threats. Since the ratio question has been brought in, one may ask whether the drop in gross receipts for the current year by over 4½ crores is due only to floods and unfavourable agricultural conditions. I do not think so. Sir Charles Innes said in the other House that up to the end of December last the total foreign trade

[Mr. R. D. Morarji.]

was nearly 50 crores less than in 1925-26 and 60 crores less than in 1924-25. The floods in 1924 in several parts of India were more serious and more widespread in character than in 1926, and yet the Railways had a prosperous year. The slackness of trade during 1926 is mainly due, I think, to the efforts of the Government to maintain exchange at 18d. This has led to a falling off in goods traffic, as there was no movement towards the ports. It is also of significance that although Mr. Parsons has drawn such a tragic picture, there is not a word either in the speech of the Member for Railways in the Legislative Assembly or the Chief Commissioner for Railways in this House to indicate that they share this view. On the other hand, Sir Charles Innes told the Assembly:

"I am sorry that I am not in the happy position of announcing any further reduction in rates and fares".

There is room for considerable retrenchment in the working expenses of railways. If $1\frac{1}{2}$ crores could be saved by economy in the current year because of its being a bad year, there is no reason why the Railway Board should not always keep a strict eye on expenditure. Startling disclosures have been made in the Raven Committee's Report to which reference has been made in Sir Clement Hindley's speech. I am glad that the Railway Board have sanctioned new methods of repairs so that a locomotive which formerly took 140 days for repair will hereafter take only 50. Wagons which were for 50 to 60 days in the workshops will be repaired hereafter in 6 days. Coaching vehicles which formerly took 70 days can now be overhauled in 28 days. It would have been interesting if the amount of money saved by the adoption of this method had been indicated to this House. In the Raven Committee's Report, paragraph 187, page 33, it is stated that the average maintenance cost of a locomotive on English railways varies from £503 to £525 per year. But on the East Indian Railway it is £535, on the Great Indian Peninsula Railway £795 and on the North Western Railway £770. As regards coaching vehicles, the average cost per year on English railways varies between £71 and £85. On the East Indian Railway it is £190, on the Great Indian Peninsula Railway £330, on the North Western Railway £200. The average cost per goods vehicle on English railways varies between £6 and £10. On the East Indian Railway it is £17, on the Great Indian Peninsula Railway £25, on the North Western Railway £16. The Committee says:

"We feel sure that with better organisation and methods of production it would be possible to work to well within English Railways' costs in India, thus bringing about substantial economies in working".

Has the Railway Board accepted the recommendations of the Committee and what will be the effect of the working cost during the forthcoming year? Regarding locomotives, Sir Clement Hindley has said that between Lahore and Karachi, whereas formerly there were six changes of engines, it will be possible to do only with one change hereafter, and so save five engines with a considerable economy in coal consumption. If that is so, there should not be any need for locomotives in the programme of 1927-28 and the item of 72.74 lakhs for additional locomotives seems inexplicable. One is at a loss to understand why a new Power Station at Kalyan is being erected at a total cost of 97 lakhs when there is the Tata Hydro-Electrical scheme from which power will be available. From the published proceedings of the Railway Finance Committee, I find that Mr. Jamnadas

Mehta raised this very question, and the Committee was evenly divided on the merits of this scheme. I believe all the Indians voted on one side and the Chairman carried the day by his casting vote. It is satisfactory to note that stores have been reduced from 94 crores in 1922 to 11 crores in the current year, but the satisfaction is short-lived when I refer to this subject in the Raven Committee's Report, page 81, paragraph 423 :

"We have personally noticed in one of the larger running sheds these 'charged off' stores lying about the place in disorderly heaps, no arrangement having been in existence to bring to bear the ordinary checks and procedure of store-keeping. We have been told that this is the result of the campaign of reducing 'stores balances', but we cannot accept this explanation. No book-keeping method of reducing stores balances could go to the root of the evil, which it is obviously sought to eradicate, and it is our conviction that necessary economies in expenditure cannot be enforced without a proper system of store-keeping and store-accounting being observed at all places where stores accumulate."

It would be interesting to know how many crores of the tax-payers' money have been wasted by the Railway Board in the light of the disclosures made in the Raven Committee's Report. Such a thing would be impossible if the Railway Board were responsive to public opinion, and control over the Board and its policy were vested in the Legislature.

The Budget only justifies the view that next to the Army Department the Railway Board is the most wasteful Department in the Government of India.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadian): Sir, if I do not join my colleagues in this House in congratulating the Chief Commissioner it is not due to any want of understanding of the good points in the Budget. He has got a full measure of congratulation both from my colleagues and himself. In fact he has praised the Railway Board and his Department so much in the very eloquent speech which he delivered here that one is almost overwhelmed with the immensity or the magnitude of the beneficial work of that body and its responsibility to the people of this country. I therefore do not add anything more to that full measure. There are certainly good points in the Budget. Last year I was complaining that there was not much evidence in the Budget about the development of agricultural lines, as I call them or lines which facilitated the movements of agricultural produce for the market. In this year's Budget, I find a distinct statement which I welcome as a very happy augury for the future of Indian railway policy. Sir Clement Hindley clearly says that the policy itself might be described as an agricultural policy. In this connection I would only ask the railway authorities not to show much partiality to what I consider to be luxuries as compared with necessities. While they are pursuing a policy of feeder lines to promote agricultural enterprise, they are undoubtedly partial to some of the schemes which I may describe as luxuries, namely, the electrification scheme at Bombay and the money to be spent upon a scheme to prevent the reversal of the train between Poona and Bombay. These are schemes which consume a large amount of money. In my opinion they can wait, and other agricultural lines should have preference in the programme in the actual carrying out of the works. With regard to the facilities provided for the lower class passengers there is, I notice, a provision of over 2 crores, but on looking at the matter more closely it does not impress me that it is going to do very much for these passengers. But we are thankful for small mercies and I will not dwell upon the grievances of these lower class passengers which have already been remarked upon by the speakers who

[Mr V. Ramadas Pantulu]

have preceded me, especially by my Honourable friends Lala Ram Saran Das and Dr Rama Rau who speak from personal knowledge I do not wish to add anything more to that list, but one thing I would urge. The feeling amongst third class passengers is that on long journeys it would certainly add to their comfort if there were through carriages just as there are for higher class passengers. For instance there are not many people who go from Madras to Delhi on an express train, or from Howrah to Simla, and one carriage would accommodate them. At present they have to change at many places and sometimes in the cold weather to change at a place like Delhi is not a pleasant matter. Therefore, if the Railway Administration can find it possible to run through third class carriages on long distance trains to facilitate the journey of passengers going from one province to another it will add considerably to the facilities of travel for these people. With regard to the reduction of fares and freights I do not think we can accept the statement that the utmost limits have been reached this year and nothing more can be done. The grievances of third class passengers on certain railways in this connection are certainly legitimate, and I hope something will be done to give them relief. I would remind the Chief Commissioner that the third class passengers mostly come from rural areas. They often have to make long journeys before reaching the railway station and incur a lot of expenditure on that. And if they happen to be going to a pilgrim centre they have in addition to pay a pilgrim tax. Their expenses are therefore really considerable before they reach their destination and they do require some relief. I hope the relief will be forthcoming consistently with sound finance.

Having said so much I would say a word on the railway administration. I have said already that we pay an excessive price for the railway administration and the feeling in my mind is that the price is unduly heavy. First of all with regard to Indianization which will reduce the expenditure, the promise which has been held out has not been fulfilled and many opportunities which occurred have been lost and nothing really has been done to Indianize the Railway Board. My friend the Honourable Sir Maneckji Dadabhoy made one observation from which I desire emphatically to dissent. He seems to believe that the demand for Indianization is based upon the idea that the man to be put in should be merely an Indian. Nobody has ever thought of that. He says that an inefficient, incompetent man ought not to be put in. I do not think that either the Members of this House or the Members of the other House or the country at large ever made any such grotesque demand, namely that an Indian ought to be put in in preference to another merely because he is an Indian. But provided the qualifications are equal provided that the man is fit for the work, I certainly demand that the Indian ought to have preference over a European because the country is governed at any rate in theory, in the interests of India and Indians. That is all that we ask for, and if in the year of grace 1927 Sir Maneckji Dadabhoy asserts that there is not a single Indian competent in the whole of this country to be placed on the Railway Board, I must emphatically deny his statement. It would be neither creditable to himself nor to the country to which he belongs to assert that there is not a single Indian fit to be put on the Railway Board. On the other hand, I think that Sir Charles Innes himself said that a member of the Indian Railway Board is likely to vacate his place shortly and the Government of India is seriously thinking that an Indian might be found

for the place. Then, Sir, with regard to efficiency, I am sorry to say that notwithstanding the claim made for efficiency, there is enough evidence in the Budget itself that the efficiency has not been brought up to the standard that we expect. A reference to the Raven Committee's Report as to the shortcomings in the stores of the workshops is made in paragraphs 38 and 39 of the speech, but the answer made to the somewhat severe criticism contained in that Report is very halting and very lame; in fact no explanation is forthcoming at all. I have read these paragraphs, 38 and 39, very carefully and I find that really no answer is made to the criticism. All that we are told is that in 1926-27 the store balances were 11 crores as against double that amount in 1922 or 1921. That is, Sir, a very poor statement to make and we are only assured that:

"a beginning has been made, however, and as we have placed Mr. Wrench, a member of the Committee, on special duty in order to put the recommendation of the Committee into practice in the State Railway Workshops, we hope to make considerable progress in the coming year."

I hope that the hope will be realized. The Inchcape Committee sat four or five years ago, and judged by the extent to which effect was given to that Committee's Report, I do not think that the condition of affairs in the workshops stores is such as to justify the claim for efficiency of the Railway Board. Then with regard to the fares and freights, it is said that the Railway Board has done all it could and has acted justly towards the people of this country. But if they had found it possible to invest a body like the Rates Advisory Board with statutory powers so as to ensure that there would be no undue preference and that the rates in themselves would be fair as in other civilized countries and could quote the opinion of a responsible tribunal which was binding on the Government of India as well as the people affected by the policy of the Railway Board, something could be said for this claim. But to judge of its own action by its own standard and a certificate given by it to itself, is no great credit for the Railway Board as anybody can do that. I find it difficult to understand the self-complacency of that august body. Therefore, I hope the wisdom of transforming this useless Rates Advisory Committee, which is vegetating into a body which really will have the power to protect the tax-payer's interest will soon be realized and that it will be replaced by a tribunal of the sort recommended by the Acworth Committee. In that case something may be said for this policy of the Railway Board as judged and tested by that tribunal.

Then with regard to the control over the Company-managed lines, the frequency of the strikes, and the great discontent that there is among the labourers and the staff is not a good certificate for the Railway Board's scrutiny of the affairs of the Company-managed lines. It has been urged very often upon the Railway Board that it is desirable to set up arbitration boards or other independent bodies to settle quickly and promptly the disputes between Companies and its labourers and to investigate the causes of strikes and do something to prevent these periodical recurrences which not only cause hardship to the labourers but also result in enormous losses to the revenues of the Railways and of the country, and there is also great discontent. These can be speedily settled if independent arbitration boards are established. That is a demand which has been made over and over again. If all this is not done, I really do not see much use in there being a body like the Railway Board, which has been described by my

[Mr. V. Ramadas Pantulu.]

friend, the Honourable Sir Maneckji Dadabhoy, as a body that has to do very highly technical work. I really do not think that this is so highly technical as to require a body like that unless it is really able effectively and efficiently to supervise and control the various railway organizations in this country. It is conceded by the Financial Commissioner that the object is sought to be achieved by delegation of power and that a large portion of the work is done by agencies to which the Government of India and the Railway Board have delegated their powers. The Chief Commissioner says in his speech with regard to the responsibility of the Railway Board:

"It stands to reason that an immense organization or series of organizations such as is represented by Indian railways can only be controlled by successive delegations of power and responsibility, such as must necessarily exclude from the central organization the detailed knowledge of many things which affect the service which railways render to the public and go to influence the character of public criticism."

Sir, for administrative purpose there are Agents, there are Managers, there are Statutory Inspectors for Stores and so forth, and there is a Financial Commissioner and the Railway Member. I think the time has now come for the Indian public to examine very closely the desirability of continuing the Railway Board. Personally speaking, I should think that the Member for Railways and a Financial Adviser ought to be enough. Of course the Member for Railways is now doing other work as a Member for the Government of India, but I do not think that a Board for Railways is any more necessary than a Board for Law or a Board for other things. If the Railway Board does not come up to our expectations, then the Indian public should begin to agitate for a revolutionary change in the Railway Board and not be content with the existing state of affairs. The administration of the Railways is one of the national services, and I do not see why Railways alone should have a Board when other great branches of the administration have not got similar Boards. All this I am saying on the assumption that the Railway Board does not improve its usefulness and continues to be a close preserve as hitherto. In saying so, however, I once more emphasize the fact that I do not for a moment minimise the good work it has done, and I merely emphasise various points on which the efficiency has not been up to the mark.

One word more. Sir, about this ratio question which is very prominently raised by the footnote added to this Budget. It is somewhat difficult at this stage to enter into any controversy over that question because it is coming up later on in another connection. But reading the separate memorandum of the Financial Commissioner on the consequences of a change of the ratio to 1s. 4d., one would say it involved argument in a vicious circle from point to point, and that it does not really bear careful scrutiny. When we come to the question of the Ratio Bill, we shall deal with it very fully but in the meantime I am bound to point out that the possibilities of incurring expenditure in rupees by purchasing stores in India and also of raising debt in rupees instead of in sterling have not been fully discussed in the Memorandum so as to give us an adequate idea as to how far the consequences of this ratio can be obviated by resorting to a policy of expenditure in rupees as well as by raising debt in India. That has not been done. Another point was referred to by my friend, the Honourable Mr. Morarji, namely, that on the ratio depends really the agricultural prosperity of this country. There is no guarantee that, if the rupee stands at sixteen pence, there will not be

really such a large increase of agricultural prosperity that it will not make up for the anticipated financial loss of the Railways. Before I sit down, Sir, I shall only refer on this aspect of the ratio question to the opinion of a well-informed Englishman who has been doing very admirable agricultural work in this country, and who has been interesting himself in agricultural work, as expressed in a letter which he sent to my friend, Sir Purshotamdas Thakurdas—a letter which I have been able to quote by the kind courtesy of Sir Purshotamdas Thakurdas. This gentleman says in that letter:

“From an agricultural point of view, too, the loss to India must be enormous because the exports are chiefly products of land. The question crops up continually, why should I teach these boys improved farming when I know they will not gain the financial benefits which should result from our combined labours?”

And when Sir Purshotamdas Thakurdas asked him whether he could make public use of that letter, he answered in the affirmative, and added this:

“I am most anxious about the future of agriculture and its enormous exports. These can only be paid for through the usual banking systems and that must clearly mean an intolerable loss to the farmers of India. What is the use of our teaching improved farming to the boys and trying to uplift the villager if his profits are to be filched from him by ways and means that he cannot understand or resist. It would be heart-breaking to carry on rural education for the purpose of *bolstering up budgets*.”

This is the opinion of an impartial Englishman and not the cry of a Bombay millowner. Therefore, to say that India would suffer seriously in its railway policy by fixing the exchange at 16*d.* instead of 18*d.* is to decide the question prematurely. Let us wait and see all the bearings of this question when the matter comes up and I hope that the Members of this Council will not be carried away by the alarming picture drawn in this Budget with regard to the ratio. With these words I also join in the congratulations which the Chief Commissioner has received from this House and also associate myself with Sir Arthur Froom and Sir Maneckji Dadabhoy in their felicitations to the Chief Commissioner in the eve of his departure from India.

THE HONOURABLE SIR CLEMENT HINDLEY (Chief Commissioner, Railways): I have to communicate to the House an apology from the Honourable Sir Charles Innes for not being present during this interesting debate to-day. He is, as the Council knows, engaged in important public business elsewhere and he is very sorry not to be able to be present. I wish to reply, if I may, very briefly to some of the criticisms which have been made and first perhaps I had better deal with one absorbing topic which has cropped up from time to time during the debate. The question of the ratio has been mentioned by several Members. I think all that I need say about that is that we have put forward this pamphlet by the Financial Commissioner with the budget papers in order to enable Members to realise what would be the effect of the change in the ratio on our figures in the Budget. We do not claim for it infallibility and I would also say that it contains no attempt to stampede the opinion of this House or of any one else, or to dogmatise as regards facts and figures. It is the best possible estimate that with our present knowledge can be made of the effect of the change of the ratio on the Railway Finance and budget figures, and with that I think, although the subject is tempting, I had better leave it, because, as many Members have said, the subject will come up again for discussion in this House.

[Sir Clement Hindley.]

Several Members have mentioned, amongst other things, the arrangements which we are making in connection with the Kumbh Mela at Hardwar. I should like to assure those Members who are interested particularly or locally in that Mela, that we are taking special steps to collaborate with the Local Government and the local officials in regard to sanitation there. We are also making special efforts to deal with the exceptionally heavy rush of traffic which we expect by getting together as many railway carriages as we can, so that if it is possible we may be able to avoid carrying passengers in wagons. One Honourable Member implied that his many experiences of the Kumbh Mela had made him believe that we should never be able to avoid carrying passengers in wagons. The Kumbh Mela happens once in 12 years and I do not think that that gentleman could have had very many experiences of the Kumbh Mela. The Railway Department expect that at the forthcoming Kumbh Mela in April there will be something like a million passengers to deal with. It is not an easy matter and there may be difficulties in carrying them there and more difficulties in getting them away. But I wanted to mention that we are making special arrangements for this occasion based on our previous experience.

I cannot attempt to deal in detail with everything that has been brought up in this debate, and those Members who perhaps are waiting for my answer to some of their criticisms will forgive me if I cannot deal with them all in full. The suggestions that have been made particularly regarding local matters will have our consideration. We shall have them on the record of the debate and we shall deal with them when we have time. I wish to mention one or two matters of a somewhat general interest which have come up in several speeches. First of all, in regard to the further reduction of passenger fares and freights. It seems to have been assumed in the House that we have somewhere in these papers said that we have come to an end of making reductions and that we are doing nothing more. I do not remember having said anything of the sort myself nor having authorised such a statement to be made, because we have persistently said that we shall continue to examine this question. There is reason, however, in this year for special caution, because at the beginning and during this year we have made very large reductions and we are now waiting to see the effect of these reductions. When we have got down, as we have done on some of the Railways, to carrying third class passengers at the rate of two pias a mile for long distances it cannot be expected that we can go down very much lower than that. At that rate we should be carrying the passengers with very little profit indeed, and although we shall continue to examine the question of passenger fares and freights and see whether any further reductions are possible, it cannot be expected that there will be any large further reductions on the main lines.

In regard to Indianisation, I was a little bit surprised to hear the same criticisms as we had last year from one or two Members and the same remark, which I cannot help feeling, is made in ignorance, that the Railway Board care nothing for Indianisation and have done nothing. I can leave it, Sir, I think to the good sense of the remaining Members in this House, but I am afraid that the Members who made those remarks have not seen or cared to see the regulations that we have issued for the recruitment of Indians. It is absurd, if I may use such a strong word,

to say that we are not doing anything in the way of Indianisation and that we do not care about appointing Indians. The regulations were published in the Gazette of India in July last year and are being worked to. There seems to be, I am sorry to say, supreme ignorance on this subject, although we have done our best to ventilate the matter in the public press. We now recruit in India 75 per cent. of the vacancies which occur in the main branches of our service. Under the regulations we have already had two examinations which the Public Service Commission have held for us. It is not possible to increase the pace because there are only a limited number of vacancies year by year. In regard to the question of appointing Indians on the Railway Board, I can only repeat what has been said before, that when a vacancy occurs the best man available will be selected.

Certain criticisms were made in regard to the Rates Advisory Committee and it was stated that so far they have had very little work to do and it was suggested that they should be turned into a labour tribunal of some kind to arbitrate in labour disputes. I do not think this suggestion was made seriously, but I would mention that a number of cases are now coming before the Committee as the public are beginning to understand what they are for and what they are prepared to do. I would join issue with Mr. Ramadas Pantulu on this matter and point out to him that the remedy for high rates and fares does not lie in the establishment of a statutory tribunal but in ensuring that the railway property pay good profits. It is not by establishing a tribunal that you can get rates and fares down. You cannot ask the Rates Committee to arbitrarily fix rates and fares. What you have to do is to keep up the profit earning capacity of your railways and then you will be able to carry passengers and other traffic at lower rates.

THE HONOURABLE MR. V. RAMADAS PANTULU. I have not asked for reduction but only for testing the accuracy of the claim of the Railway Board to have done justice.

THE HONOURABLE SIR CLEMENT HINDLEY: I think, the present Rates Advisory Committee are there for testing whether the present rates and fares are right and they are perfectly competent to do that and they are a very easy body to approach.

I want to contradict one or two small matters which might have caused some misunderstanding. The Honourable Mr. Ram Saran Das accused us of having taken off the vacuum brakes from goods wagons during the war and sent them abroad. I deny that accusation. It never occurred.

2 P.M. What happened was that owing to high value of vacuum brake material, brass and so on, it was stolen very extensively during the War. It is a matter of common knowledge in railway circles and elsewhere that these thefts occurred and I repeat that there was no export from India to war areas of our vacuum brake materials. I also want to mention that there has been no excess purchase of 30,000 wagons as was stated here and no vast loss to the country. I think I explained the facts as well as I could in my budget speech. We have found, by making better arrangements for movement of wagons, by increasing the rate of repairs to wagons and by putting our traffic arrangements generally into better working order, that at the time when we were carrying the largest traffic we had a certain wagons spare. That being so, if we had over and

[Sir Clement Hindley.]

above the day's requirements for loading it does not mean that we could have taken away 30,000 wagons and put them in the sea.

(At this stage the Honourable Lala Ram Saran Das rose to make an interruption.)

THE HONOURABLE THE PRESIDENT: Order, order.

[The Honourable Member (Lala Ram Saran Das) resumed his seat.]

THE HONOURABLE SIR CLEMENT HINDLEY: I think the Honourable Member is perhaps going to quote the evidence given by me before the Agricultural Commission. If so, it is probable he has seen an incorrect report. It did occur during three months of last year that there were available on the railways 30,000 wagons over and above the day's requirements. At the present moment when we are carrying a big traffic, with very large coal loading in addition we have something like 5 or 6 thousand wagons standing ready for the next day's loading. It does not mean that we have a large number of wagons to spare which we can dispense with at once.

THE HONOURABLE LALA RAM SARAN DAS: I was referring to an answer given by Mr. Parsons in the Assembly.

THE HONOURABLE SIR CLEMENT HINDLEY: With regard to the criticisms of our workshops contained in the Raven Committee Report, I really expected exactly what I got from the other side of the House. When any one goes to the trouble of investigating a matter of this kind, he may be quite certain to get a little congratulation and a large amount of abuse. But the fact that we have found better methods of doing our work is not necessarily an indictment of what was being done before. Would you necessarily abuse a man who first rode a bicycle, instead of riding a horse. Would you abuse the man who flies and say "Why did you not tell us about this before?" It is obvious that these things are the result of very careful scientific research and we are benefiting from what has been done in other countries, using the experience of other countries and applying it to our own methods. It is not necessarily an indictment of our predecessors or ourselves three years ago. I have been told to-day that we are the most wasteful department in the Government of India. Well, I do not want to cast any reflection on any other department of the Government of India but I do not think we are fairly charged with wastefulness, because we have taken the trouble to find out better methods of doing our repairs in the workshops. I think it is a little unfair to say that because we have done so we are the most wasteful department. I do not see the logic of it myself but it seems to flow very freely from the Honourable Member's lips.

THE HONOURABLE MR. R. D. MORARJI: It might have been done 30 years ago.

THE HONOURABLE SIR CLEMENT HINDLEY: Honourable Members are going to see flying this afternoon. We should not abuse the flying men and say "Why didn't you do this 50 years ago?" That is my argument. Well, Sir, I do not want to take up the time of the House by going into further detailed criticisms that have been made, but I wish to refer to the remark that the Administration Report of the Railway Board

is not available except in very small numbers in the Library. I wish to say that these copies of the Administration Report might either be purchased if Members wish to do so or they could get them free if they asked the Railway Board for them. It has been the custom for several years to place them in the Library. They are supplied to members of the Standing Finance Committee and they will be supplied to any Members of the Legislature if they will ask for them.

Sir, in conclusion, I wish to express my thanks for the congratulations that the Railway Board have received. I notice that the congratulations came in first and the abuse came afterwards, but on the whole they were more or less balanced up and in my own mind they have certainly levelled up to this extent that I feel that I personally have had a very kind reception in this Council and I thank those Members who referred to me personally very much indeed for what they have said.

THE HONOURABLE THE PRESIDENT: I understand that there is a general desire among Honourable Members in the House to have an early day to discuss the important statement made by the Leader of the House this morning on the subject of South Africa and I understand also that the Honourable the Leader is prepared to accede to that desire and has suggested that Wednesday, the 23rd of February, might be a suitable date. That being so, I shall fix a meeting of the Council for Wednesday, the 23rd. It is for the Government to put down any business if they choose.

I also understand that several Honourable Members have availed themselves of the invitation of the Royal Air Force to give them flights to-morrow morning and it has been suggested to me that the Council might meet at a slightly later hour than usual, in order to give more time to Honourable Members and prevent disappointment. I have examined the list of business for to-morrow. It is not a very heavy one and I think therefore that I should be meeting the convenience of the Council as a whole if I directed that it should sit to-morrow at 12 o'clock instead of 11 o'clock.

The Council then adjourned till Twelve of the Clock on Tuesday, the 22nd February, 1927.

COUNCIL OF STATE.

Tuesday, 22nd February, 1927.

The Council met in the Council Chamber of the Council House at Twelve of the Clock, the Honourable the President in the Chair.

MEMBER SWORN:

The Honourable Major-General Thomas Henry Symons, C.S.I.,
O.B.E., K.H.S., I.M.S. (Director-General, Indian Medical Service)

QUESTIONS AND ANSWERS.

PROVISION OF AN OVERBRIDGE AND WAITING-SHED FOR INTERMEDIATE AND THIRD CLASS PASSENGERS AT JAMMOOEE STATION ON THE EAST INDIAN RAILWAY.

92. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: Will the Government be pleased to state whether the railway authorities are taking steps to provide an overbridge and also to construct a suitable waiting-shed for intermediate and third class passengers at the Jammooee station on the East Indian Railway?

THE HONOURABLE MR. G. L. CORBETT: The policy of the Government is to leave to the discretion of the Railway Administrations such matters as the provision of overbridges and waiting-shed accommodation where the traffic offering justifies their provision. The question therefore is one which should be referred to the Agent of the Railway concerned through the Local Advisory Committee.

PROVISION OF A RAISED PLATFORM AT PURAB SARAI STATION ON THE EAST INDIAN RAILWAY.

93. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: (a) Will the Government be pleased to state the number of daily passengers travelling to and from the Purabsarai (East Indian Railway) station?

(b) Is it a fact that the said Purabsarai railway station has not yet been provided with a raised platform?

THE HONOURABLE MR. G. L. CORBETT: (a) and (b). Government have no information on the subject.

Questions of this nature are more suitable for discussion at Railway Local Advisory Committee meetings, but a copy of the question and answer will be sent to the Agent, East Indian Railway.

EXPENDITURE ON THE PUBLICATION OF NOTICES AND ADVERTISEMENTS
RELATING TO STATE RAILWAYS.

94. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: (a) Will the Government be pleased to state the actual amount spent during the year 1926-27 on publication of notices and advertisements of all State Railways in India?

(b) Will the Government be pleased to state if it is a fact that all such notices and advertisements, relating to State Railways, are published only in English newspapers and not in any of the provincial vernacular newspapers?

(c) If the answer to question (b) be in the negative, will the Government be pleased to state the names of such provincial vernacular newspapers?

THE HONOURABLE MR. G. L. CORBETT: (a) to (c). The information is not available. This is a matter usually left to Agents who are in a better position than Government to decide which papers to use so as to reach the widest public and thus obtain the best results from the money spent on advertising.

DIFFERENT RATES ON STATE RAILWAYS FOR KHADAR AND FOREIGN
CLOTH.

95. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: (a) Will the Government be pleased to state if the Indian State Railways have different rates of freights for *Khadar* or country-made cloth and foreign-made cloth?

(b) If the answer to the above question be in the affirmative, will the Government be pleased to state the reason or reasons for such distinction?

THE HONOURABLE MR. G. L. CORBETT: (a) The answer is in the negative.

(b) Does not arise.

DIFFERENCES IN DESIGNATIONS, PAY AND PROSPECTS OF CHARGEHANDS
AND CHARGEMEN IN THE JAMALPUR WORKSHOPS.

96. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: (a) Will the Government be pleased to state if it is a fact that a first grade Indian apprentice of the mechanical department when employed in the Jamalpur State Railway workshops, after completing his full 5 years' term of apprenticeship, is designated as a "Chargehand", and that a European or Anglo-Indian, having undergone the same course of theoretical and practical training, is designated as a "Chargeman"?

(b) Will the Government be pleased to state if there is any difference in the pay and prospects of a "Chargehand" and a "Chargeman"?

(c) If the answer to (b) be in the affirmative, will the Government be pleased to state the reason or reasons, if any, for such differences in their designations, pay and prospects?

TERMS OF EMPLOYMENT OF INDIAN, EUROPEAN AND ANGLO-INDIAN
APPRENTICES OF THE RAILWAY WORKSHOPS AT JAMALPUR ON
COMPLETION OF THEIR APPRENTICESHIP.

97. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: Will the Government be pleased to state the number and names of those Indian

and European or Anglo-Indian apprentices, who have completed their terms of apprenticeship from the said Jamalpur workshops in the year 1926 and have since been employed in the said workshops, with designation and initial pay of each of them?

LEAVE ON FULL PAY OF CHARGEHANDS AND CHARGEMEN ON THE EAST INDIAN RAILWAY.

98. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: (a) Will the Government be pleased to state if it is a fact that the Indian "Chargehands" are entitled to full pay for only 13 days out of about 42 days gazetted holidays in a year, whereas their European or Anglo-Indian colleagues designated as "Chargemen" are entitled to draw full pay for the entire gazetted holidays?

(b) If the answer to (a) be in the affirmative, will the Government be pleased to state the reason or reasons for such differential treatment?

TRAINING IN THE WORK OF DRAFTSMEN OF INDIAN APPRENTICES IN THE JAMALPUR WORKSHOPS

99. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: (a) Will the Government be pleased to state if the Indian apprentices in the said Jamalpur workshops are allowed to learn the work of a draftsman?

(b) If the answer to (a) be in the negative, will the Government be pleased to state the reason or reasons for such exclusion of Indians?

SICK LEAVE OF CHARGEHANDS AND CHARGEMEN.

100. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: (a) Will the Government be pleased to state if Indian "Chargehands" like European or Anglo-Indian "Chargemen" are also entitled to short sick leave for 60 days in a year with full pay?

(b) If the answer to (a) be in the negative, will the Government be pleased to state the reason or reasons for such differential treatment?

DIFFERENCES IN PAY AND PROSPECTS OF INDIAN AS COMPARED WITH EUROPEAN OR ANGLO-INDIAN APPRENTICES EMPLOYED IN THE ELECTRICAL BRANCH OF THE JAMALPUR WORKSHOPS.

101. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: Will the Government be pleased to state the difference, if any, in the designation, pay and prospects of an Indian as compared with a European or Anglo-Indian time-expired apprentice employed in the electrical branch of the said Jamalpur workshops?

INCLUSION IN THE ANNUAL CLASSIFIED LIST OF INDIAN FIRST GRADE APPRENTICES EMPLOYED IN THE JAMALPUR WORKSHOPS.

102. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: (a) Will the Government be pleased to state if it is a fact that the names of Indian first grade apprentices employed in the said Jamalpur workshops are not included in the classified list published annually, whereas the names of their European or Anglo-Indian colleagues of the same qualifications are so included?

(b) If the answer to (a) be in the affirmative, do the Government propose to remove this distinction?

THE HONOURABLE MR. G. L. CORBETT: Sir, with your permission, I propose to reply to questions Nos. 96-102 together.

The answer is that the Government are making inquiries and will communicate with the Honourable Member in due course.

SAFE DELIVERY IN TOWNS AND THE MOFUSSIL OF BIHAR AND ORISSA OF LETTERS, MONEY ORDERS, ETC., BEARING ADDRESSES IN URDU.

103. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: Will the Government be pleased to state what steps have been taken by the postal authorities of Bihar and Orissa to ensure a safe, proper and prompt delivery, in towns and mofussil, of all letters, money-orders, etc., bearing addresses in Urdu script?

THE HONOURABLE MR. A. C. MCWATTERS: No general complaints have been received by the Postmaster-General, Bihar and Orissa, regarding delay to letters, and money orders, etc., addressed in Urdu script. As a matter of fact, new entrants, both clerks and post-men, are required to have a working knowledge of Urdu script.

GRANT OF GUN LICENCES TO NON-CO-OPERATORS AND THEIR RELATIONS.

104. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: Will Government be pleased to state if it has caused any instruction to be given to the district authorities not to grant licences for guns to the non co-operators or to their relations?

THE HONOURABLE MR. H. G. HAIG: The reply is in the negative.

EXPENDITURE ON THE PRESERVATION OF ANCIENT MONUMENTS.

105. THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB: Will the Government be pleased to lay on the table a complete list of ancient monuments in India protected under the Act relating to the preservation of ancient monuments, giving against each monument the amounts spent on its preservation and conservation since the year of the inauguration of the Reforms, and another statement giving the figures for five years from the date of the inauguration of the Morley-Minto Reforms, i.e., from 1909 to 1913?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH, SAHIB BAHADUR The Director-General of Archaeology will be glad to show to the Honourable Member statements giving the names, Province by Province, of the protected monuments accepted by the Government of India.

Particulars in respect of the expenditure incurred on the conservation of such protected monuments as required repairs in 1921-22 and thereafter are given in Appendix A to the Annual Reports of the Archaeological Survey of India. Copies of the reports already issued will be found in the Members' Library. For similar information in respect of the years 1909 to 1913 the attention of the Honourable Member is invited to the statements of monuments repaired which will be found in the Provincial Archaeological Reports for those years.

DIVORCE LAWS IN CONNECTION WITH INDIGENOUS MARRIAGES.

106. THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB: Is there any legislation, private or otherwise, under contemplation in the Legislative Assembly for the introduction of some law of divorce in the indigenous marriage laws in the country?

THE HONOURABLE MR. H. G. HAIG: The answer is in the negative.

LOCATION OF THE INQUIRY OFFICE AT THE DELHI RAILWAY STATION.

107. THE HONOURABLE LALA SUKHBIR SINHA: Why has the inquiry office at the Delhi station been removed to a distant place from the main entrance hall?

THE HONOURABLE MR. G. L. CORBETT: The information is not available, but a copy of the question has been sent to the Agent, North-Western Railway, who will no doubt look into the matter.

RETURN TICKETS ON STATE RAILWAYS.

108. THE HONOURABLE LALA SUKHBIR SINHA: Will Government be pleased to state whether it is under contemplation to have one uniform system of return tickets, at reduced rates, introduced from and to all stations on all Government Railways? If so, from what date will this be done?

THE HONOURABLE MR. G. L. CORBETT: Government are not contemplating the introduction of a uniform system of return tickets at reduced rates throughout the State Railways.

FORMATION OF A SEPARATE KANNADA PROVINCE, ETC.

109. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Will the Government be pleased to state:

(a) if any representation has been received from the Canarese-speaking districts in the Madras and Bombay Presidencies urging the formation of a separate Kannada Province and the establishment of a separate Kannada University; and

(b) if so, what steps have been taken by the Government thereon?

THE HONOURABLE MR. H. G. HAIG: (a) and (b). Resolutions were received in May and June, 1926, from the Presidents of the Uppinangandy, Udipi and Kasaragod Taluk Boards urging the establishment of a separate Karnataka University and province, which were duly acknowledged.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Part (b), Sir.

THE HONOURABLE MR. H. G. HAIG: I gave the answer to (b), (a) and (b) together.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in accordance with Rule 25 of the Indian Legislative Rules, I lay on the table a copy of the Bill to

[Secretary of the Council.]

provide for the continuance of the protection of the steel industry in British India, which was passed by the Legislative Assembly at its meeting held on the 21st February, 1927.

RESOLUTION *RE* AMENDMENT OF THE COURT-FEES ACT.

THE HONOURABLE MR P. C. DESIKA CHARI (Burma: General):
Sir, I beg to move the Resolution which stands in my name and which runs as follows:

"This Council recommends to the Governor General in Council to appoint an expert committee, with a non-official majority, to revise the Court-fees Act and the Schedule thereto in such manner as to pitch the scale of court-fees as low as possible consistently with the production of revenue just sufficient to cover all the costs of the administration of Civil Justice."

Sir, I do not propose to detain this House long over this Resolution and I resist the temptation of going into various matters which the scope of the Resolution affords. Sir, there are three sets of views on the propriety of levying court-fees. On the one hand, we have got the extreme view that the court-fees are taxation on justice, that justice ought not to be sold and there ought to be no element of taxation at all in fixing court-fees. We have got the support of the school of thought of Bentham and Mill who are inclined to the view that court-fees being in the nature of taxes on redress ought not to be levied at all, and that the court should be absolutely free to all persons who seek redress therein. There is the other extreme view that the State has got a monopoly in levying taxation in the shape of court-fees and it will be just and proper for the Government to levy as much as possible, because indulgence in litigation, and especially in vexatious litigation, is a sign of taxable capacity. There is the mean course, the middle course, that litigation is promoted or facilitated by the establishment of courts and the litigants or other persons who avail themselves of the special services maintained for a special purpose ought to pay for those services and nothing more. Sir, in my opinion the proper view to take of these things is to take note of the fact that the courts exist not only for the purpose of litigants, but also serve another purpose, and that is, that they are a sort of safeguard for the purpose of deterring wrongdoers for fear that they will be punished by the courts. There is also the security or immunity from seeking redress from courts in the case of those individuals whose rights are not invaded. It is therefore necessary that the general tax-payer should bear a certain portion of the burden, and I would submit that the proper view to take is that the general tax-payer being interested in the establishment of courts the capital expenditure should come out of the general tax-payer, and the cost of maintenance should be shared by the litigants who seek the special service afforded by the courts. Sir, it is very necessary that this aspect of the question should not be unduly stressed, and honest litigation should not be checked. With this object in view, I think that the purpose would be best served by introducing a system of initial payment in the shape of court-fees at the time of institution or immediately after it before the issue of process to the other side, in all cases, and there must be an element of penalty after adjudication of cases and consideration of all the facts and circumstances, and this portion of the fee, which is the larger portion, should be collected after

the judgment has been delivered. That would be the proper thing, and with the view to allocate the fees, and with this principle in view, I have brought forward this Resolution.

Sir, it may be an interesting study to go into the history of court-fees in India and other countries, but no useful purpose would be served by going into this subject. At the same time I think I need not weary this House over the technical or intricate portions of the Act which lays down various principles for valuing suits and other proceedings. It is enough for my purpose if I mention that no definite principles are adhered to in the various provisions of the Court-fees Act, and that the principle of valuation is more or less arbitrary. There is no scientific adjustment in the rates mentioned in the various Schedules, and it is necessary that we adopt a more scientific and more rational basis of levying fees, having regard to the principle that has been enunciated by Dr. Paranjpye, one of the members of the Taxation Enquiry Committee. The law courts ought to be practically free to the law-abiding citizen, and the element of penalty should come in only at the end after the decision is given, having regard to the conduct of the parties, and there ought to be no element of taxation on the litigant who was found not to interfere with the free exercise of the right of property.

Sir, I am in favour of introducing a small initial fee, varying according to the grade of the courts. I would suggest a fee of Rs. 5 in all cases in Munsiffs' courts and a fee ranging from Rs. 25 to Rs. 50 in courts of first appeal, or less in small cases, and in courts of second appeal there ought to be an initial fee of Rs. 25 to Rs. 50. In all courts of original jurisdiction the fee should be put at Rs. 25. This is only an initial fee. The major portion should be collected at the end by way of penalty.

There is a general complaint that enhancement of fees in various provinces have had the effect of checking honest litigation, and the statistics will go to prove that this complaint is not unfounded. But there is also a good deal of complaint that justice is made a source of income to be used in other departments of Government, and I believe a note ought to be made of this complaint. This question of fees and this complaint has been repeatedly raised in the various provincial Legislatures, and it is unnecessary for me to dilate on the subject. A perusal of the notes in the Taxation Enquiry Committee's Report will convince all concerned that there has been a lot of complaint on this score, and it is generally admitted that there is need for fresh codification in view of the fact that the valuation is not only arbitrary, but there is no clearness in the principles embodied, and the various High Courts have deferred in regard to the views to be taken in regard to assessment. My Resolution finds considerable support in the recommendation of the Taxation Enquiry Committee, who say that the fixing of court-fees as low as possible, with a view to provide income just sufficient to provide the cost of maintenance, is the ideal to be aimed at. There is also a great deal of support for the realization of fees by various stages, just as in the case of county courts in England, the fees should be collected in two instalments. I submit that there is a good deal to be said in favour of the view that in all cases where a case is decided by admission of claim, no more than the initial fee ought to be levied, and in all cases decided *ex parte*, or cases where there has been a settlement out of court, the proper course is to take only half the required fee. In cases where a portion only of the claims is admitted, the only fit and

[Mr. P. C. Desika Chari.]

proper course is that fees should only be levied on the balance of the disputed claim. I find that the Taxation Enquiry Committee recommend uniformity in the matter of court-fees in all provinces. They give two reasons for this. If there is a higher fee in one province there is a feeling of injustice. Then there is the other aspect that litigation will be driven from one province to another.

There is a good deal to be said in favour of the reduction of court-fees, because if you reduce court-fees there will be a greater income in the shape of court-fees. I have to take note of the fact that court-fees are a source of provincial revenue, but this is no insurmountable obstacle in the way of the Central Legislature undertaking legislation for an all-India Court-fees Act. The desirability of having uniformity in all provinces is the first consideration, and the second consideration is that which is an accepted principle, that there ought to be no element of taxation in collecting court-fees, and the Local Governments that make some revenue out of court-fees ought to have no reason to grumble because it was not intended that these court-fees ought to give any revenue for other purposes than the maintenance of the courts. After all, if there is a loss from this source of revenue, it can very well be compensated for by giving Provincial Governments a greater share in income-tax or other sources which are directly connected with the provinces—I mean the working of those departments directly connected with the provincial administration.

Sir, it is unnecessary for me to go further into details, and I have given a broad outline of what I want by this Resolution. I would like to add one word about the Chartered High Courts and the original civil jurisdiction which is the direct outcome of the High Courts being the successors in office of the Supreme Courts in Madras, Calcutta and Bombay. It is well that these courts ought not to be regulated by the Court-fees Act, and those provisions which apply now might very well be left to apply to these particular courts. I have stated in my Resolution that I want an expert committee with a non-official majority. It is for this reason. There are numerous experts in this branch of legislation among the non-officials, but there is a general feeling among the Members of the Council that we need not put in a clause requiring that there ought to be a majority of non-officials. I am not very keen about it. I am anxious that there ought to be a committee which would go into these different rates and the various provisions of the Act and their interrelation with each other with a view to find out a more equitable and rational system of levying court-fees. With these words I commend my Resolution for acceptance.

THE HONOURABLE MR. H. G. HAIG (Home Secretary): Sir, after the soaring experiences of my friend the Honourable the Mover and myself and other Honourable Members this morning, this seems to be rather a pedestrian topic to be discussed. It is certainly one of considerable complexity and I hope the House will bear with me if I explain the existing position. The scheme of the existing Court-fees Act is that the circumstances in which court-fees are leviable and the principles and methods of assessment are contained in the Act itself, while the rates at which fees are levied are contained in Schedules. So much for the Act. Now as to who can amend it. It has been provided in the Devolution Rules that judicial stamps, which means court-fees, is a provincial subject, subject to legislation by the Indian Legislature in one matter only, namely, fees in

relation to suits and proceedings in the High Courts under their original jurisdiction. The position therefore is that legislation to amend the Court-fees Act is primarily a matter for the Local Governments. The Government of India are conscious that there are numerous defects in the Act as it now stands, and, in spite of the constitutional position which I have just explained, they did take up, a few years ago, the question of amending the Act itself, while leaving the Schedules laying down the rates of fees to be amended by the provinces. Even such a limited measure as that needed the concurrence of the Local Governments. A Bill was introduced in the Assembly dealing with the procedure, principle and methods of realising fees. It was introduced in March 1924, was circulated for opinion and referred to a Select Committee. The Select Committee put a great deal of work into this very complicated subject and presented its report to the Assembly on the 14th September 1925. The matter was not further pursued at the moment because it was known that the Taxation Enquiry Committee would have the subject under consideration, and with the dissolution of the Assembly, the Bill has lapsed. That is, Sir, the existing position. My Honourable friend's Resolution in which he proposes a committee to recast the schedules of fees implies central legislation for this purpose. That, Sir, is an entire reversal of the existing position which has been in force since the introduction of the Reforms. Local Governments have been consulted on this proposal, which was contained in the report of the Taxation Enquiry Committee, that there should be a uniform scale of fees imposed throughout India, and their replies, or most of them, are still awaited, but I hope the House will understand that there are grave difficulties in the way of accepting such a proposal. The Government of India obviously can come to no conclusion until the replies of Local Governments have been received and considered, but I think it is only right to put before the House at the moment certain obvious objections which must occur to anybody. The first consideration, and one that always appeals very strongly to Provincial Governments, is the argument of finance. The existing financial settlement, known as the Meston Settlement, which distributed the sources of taxation between the Government of India and the various Local Governments, assigned this item of court-fees to Local Governments. If now the Government of India are to step in and impose a uniform scale of court-fees throughout India, they may in some cases be reducing the scale in force in certain provinces; in other words taking away from the provinces certain existing sources of revenue. Again it is contemplated under the existing financial settlement that Local Governments, if they choose, can enhance the rates for court-fees, and certain Local Governments have done so already. If the Government of India are to impose a uniform scale throughout India, it takes away from Local Governments this slight measure of elasticity in their finances, and I think it is quite clear that there would be the gravest objection on the part of Local Governments to any proposal of this nature, unless it was accompanied simultaneously by a revision of the financial settlement, and that is hardly a matter that can be taken up at the moment. I need hardly lay stress on the point that local opinion in some places may resent the removal of their existing authority to deal with court-fees as they please. But there is possibly a more practical point. It is by no means certain that uniformity in court-fees throughout India is really suitable to the conditions of India, a country where in the different provinces conditions—economic and otherwise—differ very largely. I do not want to express any opinion on that point at the moment, but at any rate it

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is a matter which will obviously have to be considered when the proposals of the Taxation Enquiry Committee, to which I have referred, come up for final decision.

Well, Sir, so much for the proposal that the Government of India should introduce legislation for the purpose of laying down uniform rates of court-fees. The other point which was touched upon by my Honourable friend was, if I may say so, a somewhat theoretical one which has been discussed by theorists many times, namely, that court-fees should not exceed in the aggregate the cost of the administration of civil justice. Well, Sir, the Taxation Enquiry Committee referred to this point, and it seems to me that they made some wise reflections. They drew attention to the fact that there are other considerations than an actual balancing of cost against receipts to be taken into account. They pointed out very clearly that there are dangers in court-fees being fixed too low just as there are dangers in court-fees being fixed too high. In this country it hardly needs any argument to point out the special dangers in having court-fees too low. Litigation is a popular practice in India and frivolous or excessive litigation like other things in excess is vicious, and I think it is the experience of most Honourable Members that already in India there is a good deal of frivolous and unnecessary litigation which really does harm to the community. I do not say for a moment that on that account we should deny justice to those who require it, but at any rate we have to balance the considerations, the disadvantages of too low court-fees against the disadvantages of too high court-fees, and it appears to me that the conclusion of the Committee is a reasonable one. They say:

"Having regard to all these considerations the Committee are of opinion that while the pitching of the scale of fees so as to produce a revenue just sufficient to cover all the cost of the administration of civil justice is an ideal to be aimed at,"

—and in this life we very seldom realise our ideals:

"financial considerations may justify the State in charging something more provided that the fees charged are not such as to cause substantial hardship to any class and particularly to the poorer litigants."

But, Sir, in practice this ideal which my Honourable friend commends to our attention is one that it is exceedingly difficult to attain. We cannot really ascertain with any degree of exactitude the cost of the administration of civil justice. There are items mixed up with other items exceedingly difficult to disentangle, and this is not any theoretical expression of opinion. We have had in the past painful experience of the difficulties of trying to ascertain the cost of the administration of civil justice. In 1886, the Government of India undertook an elaborate inquiry extending over a period of more than 4 years with a view to ascertaining the extent to which the cost of the administration of civil justice in India was met by the revenues derived from court-fees and other receipts of civil courts. I think possibly at that time the idea underlying the inquiry was not the one that commends itself to my Honourable friend. The Government of India may have been afraid that civil justice was costing something more than the receipts. In the Resolution issued by them in 1890 the Government of India pointed out that the calculations were extremely intricate and that, notwithstanding the labours that had been bestowed, the result could only be considered to be approximately correct.

In 1914, when the question was raised again, Sir William Meyer pointed out that it was impossible to prepare such a statement without a careful and detailed inquiry and after the experience of the inquiries of the years 1886-1890 the Government of India did not consider it desirable to embark on the expenditure of time and labour which such an inquiry necessitated. Sir, the position of the Government of India is still the same. They consider that the preparation of these figures with any degree of accuracy would involve an immense amount of labour, and the entertainment of additional staff—no one I suppose wishes for such a thing; and even then there will always be some dispute as to the accuracy and completeness of the figures. Moreover, the point is not really a very practical one. All authorities seem to agree that there is no very marked divergence between the real cost of civil justice and the receipts. There is an interesting note on this subject which is printed in Volume II of the Taxation Enquiry Committee's Report—a note by the Legal Adviser to the Committee,—and this is his conclusion on the whole subject:

“ There may be some difference of opinion.”

He is quoting a pronouncement by a Committee appointed in the Central Provinces in 1922:

“ ‘ There may be some difference of opinion whether the receipts from court-fess should be expected to produce a net revenue or only to cover the cost of litigation. There can be no doubt that at present they do not do the latter’. Since their report was written court-fess have been enhanced in the Central Provinces with the result that the deficit appears to have been wiped off. In Burma, Assam and the Punjab it appears probable that a statement prepared on the lines described above would show that the administration of civil justice is resulting in a loss, while in one or two provinces, and especially in Bengal, it may perhaps be shown to be resulting in a profit.”

Well, Sir, I do not know whether my Honourable friend would recommend in provinces where the administration of civil justice is shown to be resulting at present in a loss that the fees should be enhanced. I should be surprised to hear him supporting such a proposal. In any case these attempts to equate the cost and the receipts seem to me to be very theoretical, and I would venture to urge that it is better to proceed on the existing lines, amending obvious defects in the procedure of the present Act and leaving, at any rate under present conditions, the rates of fees to be fixed by the provinces. I trust, Sir, that the House will not support the Resolution.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muham-
madan): Sir, this morning I find myself in the somewhat curious position of being able to agree with both the Mover of the Resolution and the Honourable Member who opposed it. I agree with my Honourable friend Mr. Chari in thinking that the Court-fees Act does require considerable emendation and overhauling; many of the provisions are anomalous and some of them are inequitable and they are fully set out in the Taxation Enquiry Committee's Report. Therefore I do not propose to travel over that ground. I am therefore in entire sympathy with the object of his Resolution. At the same time I agree with the Honourable Mr. Haig that the small measure of fiscal autonomy, which the provinces enjoy with regard to this subject—this head Provincial Revenue—ought not to be interfered with by the Government of India. As a matter of

[Mr. V. Ramadas Pantulu.]

principle I agree. Therefore I am in agreement with most of what he said with regard to the provinces being left to deal with this matter. But there is one matter to which he alluded and on which I wish to offer a few remarks. He said that the question of court-fees of High Courts is a matter within the jurisdiction of the Central Government. I wish he had told the House what the Government of India proposed to do in that matter. At present the position of the High Courts is a very anomalous one. Probably my non-lawyer friends here do not know that the Chartered High Courts levy taxation by way of court-fee, without any legislative control by executive powers. The Indian Court-fees Act does not apply to Chartered High Courts. In the Bombay High Court on every suit instituted in the Original Side a fixed fee of Rs. 15 is levied at the outset. In the Calcutta High Court a fee of Rs. 20 is levied, and in the High Court in my province, Madras, an initial fee of Rs. 150 is levied on suits whose value is less than Rs. 10,000 and an additional fee at so much for every Rs. 5,000 over the Rs. 10,000 of initial value; and in addition to these fees they charge what are called sitting fees for the Judges and various other fees, which ultimately amount to something considerable. This is a very anomalous state of affairs; and High Courts, other than Bombay, Madras and Calcutta, follow a different procedure. The three Chartered High Courts have got different scales. These three Chartered High Courts are entirely proceeding upon executive powers to levy the source of revenue and they are not controlled by the Legislature—certainly an anomalous position. We find that while the fees in some small cases in High Courts run up to very large amounts, the High Court administers justice in very heavy cases where the entire court-fee levied is considerably less than what is paid on a trumpery suit in the mofussil court. The High Court consists of a body of Judges whose time is very valuable and they are very highly paid Judges, and they should work on the principle of at least a *quid pro quo* for the services rendered. Where Government is legitimately entitled to a large revenue, very small revenue is got, and *vice versa*. These are things which I think ought to receive the attention of the Government of India very immediately, and I hope that at least so far as that portion of the Resolution of Mr. Chari, which relates to court-fees leviable in High Courts is concerned, the Honourable Member for Government may find it easy to accept it in that restricted sense, or even if he does not accept it, to do what he can to induce the Government of India to take up that matter. Those who go into the question of court-fees will see that this is a matter which requires very urgent attention. There is one other portion of the Taxation Enquiry Committee's Report to which I wish to draw the attention of the Honourable the Home Secretary. The Committee has pointed out that in 1886 and on other occasions when Committees wanted to find out the proper and equitable mode of levying court-fees, they found that data were not available and the figures given in the Administration Reports of Civil Justice were inadequate for the purpose and therefore they made two recommendations. One recommendation is that in the Reports on Administration of Civil Justice there should be introduced a classification of receipts from court-fees and charges on account of courts and they set out certain heads under which this account is to be maintained; and secondly, they recommended that inquiries by officers trained both in the law of stamps

and court-fees and in procedure in accounts be undertaken. Without these two things being done and without Committees being afforded ample material to proceed, they said it would not be possible for any Committee to fix the scale of court-fees equitably and uniformly. I hope the Government of India will pay some attention to that part of the Taxation Enquiry Committee's Report and inaugurate that inquiry, and also introduce the classification in the accounts. With these words, Sir, I would neither say that I support the Resolution nor oppose it. I merely wanted to say that in one matter at least the Government of India ought to move and in other matters the provinces ought to move.

THE HONOURABLE THE PRESIDENT: The question is:

"That the following Resolution be adopted:

'This Council recommends to the Governor General in Council to appoint an expert Committee, with a non-official majority, to revise the Court-fees Act and the Schedule thereto in such manner as to pitch the scale of court-fees as low as possible consistently with the production of revenue just sufficient to cover all the costs of the administration of Civil Justice.'

The motion was negatived.

MOTION *RE* APPRECIATION OF THE RESULTS ACHIEVED BY THE GOVERNMENT OF INDIA DELEGATION TO SOUTH AFRICA.

THE HONOURABLE THE PRESIDENT: Before we proceed to the next Resolution, I think I should tell the House that in connection with the decision arrived at yesterday that time should be given to discuss the statement made by the Honourable the Leader of the House on the Indian question in South Africa, I have received notice of a motion from the Honourable Sir Dinshaw Wacha which runs as follows:

"This Council begs to convey to His Excellency the Governor General in Council its appreciation of the results achieved by the Government of India delegation to the recent Round Table Conference on the Indian question in South Africa, and expresses the hope that the direct relations that have now been established may eventuate in lasting amity between India and South Africa by the satisfactory settlement of any questions that might still require adjustment."

The Council will notice that this is not couched in the form of a Resolution. It is not a recommendation to the Governor General in Council. I should have preferred myself that the discussion should have come up on a Resolution, but I quite understand the difficulties of the Honourable Sir Dinshaw Wacha and his friends. Indeed I do not know that I myself could frame a Resolution recommending the Governor General in Council to do anything that the Government have not already done. The motion is one which is contemplated by Rule 24-A. of the Indian Legislative Rules, that is to say, it can only be moved with the previous consent of the Member of the Government concerned and of the Chair. I have ascertained that the Honourable Sir Muhammad Habibullah does not object to the motion, and I therefore give my consent to its being moved to-morrow morning.

RESOLUTION *RE* REMOVAL OF RESTRICTIONS IMPOSED ON MEDICAL PRACTITIONERS IN REGARD TO THE DISPENSING OF OPIUM.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadan): Sir, I beg to move the following Resolution which stands in my name:

"This Council recommends to the Governor General in Council that the restrictions now imposed on registered medical practitioners who do their own dispensing in respect of such matters as the maintenance of detailed accounts for opium or opium preparations prescribed or dispensed by them, as medicines for their patients, be relaxed."

Sir, with your permission, I propose to make a small verbal alteration of which I have given notice, *i.e.*, for the word "or" between the words "prescribed" and "dispensed" to substitute the word "and". If I have your permission, Sir, I shall make the change.

THE HONOURABLE THE PRESIDENT: The Honourable Member may make the change.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Sir, the question of preventing the growing opium habit among the people of India has been engaging the serious attention of the Government and the public during the past half a century. Alongside of it, there was also the graver question of producing opium in India for purposes of export to China and other foreign countries. But how far the Government of India have attempted to check this drug evil among the people, without external pressure, history has yet to record. True, there was a Royal Commission appointed in 1893 to inquire into, and devise ways and means to break, the opium habit among the inhabitants of India and China, but like many other Royal Commissions it proved to be an eye-washing one, unproductive of any tangible good to the people. One important finding of that Commission however which has a direct bearing on the subject of this Resolution is worthy of mention here. The Commission found that opium almost everywhere in India was the common domestic medicine of the people; that it was extensively used for non-medical and quasi-medical purposes and that the non-medical uses were so interwoven with the medical uses that it would not be practicable to draw a distinction between them in the distribution and sale of the drug. They found further that as regards the use of opium as a stimulant, the practice of taking the drug in pills or infusions was of old-standing and was generally followed in moderation and without injurious consequences; and that as to this quasi-medical habit, the evidence of the medical witnesses led to the conclusion that in the circumstances of India in respect to climate, diet, modes of living and medical aid, this use is probably on the whole beneficial. This was just the kind of finding which the Government of India had wanted. It exonerated the Government from all blame and gave them a free hand to carry on their nefarious trade in opium with unabated vigour and unrestricted rigour. According to Sir Richard Dane, who was one of those who had served in the Royal Commission alluded to above, and who was formerly Inspector-General of Salt and Excise in India:

"the use of opium is a serious evil and even when used in moderation, it has an enervating tendency and is therefore a dangerous thing for the nation. There must either be complete prohibition or complete licence. The evils arising from the abuse of opium are so serious that prohibition is probably preferable."

The Government of India chose the latter alternative, namely, complete licence instead of complete prohibition for the sake of revenue, ignoring altogether the human aspect of the problem involved in this transaction, with the result that abuse of opium has become rampant in spite of their vigilance.

The licensed opium vendor, as the trusted agent of the Government for the sale of opium, is, in the opinion of the Government, not likely to be a party to bring about this abuse of opium among the people, by any indiscreet or indiscriminate sale of opium. The Government of India looked therefore for this abuse of opium from other and unexpected quarters and they cast their suspicious eyes on the poor medical practitioners. The restrictions imposed on the medical practitioners who do their own dispensing are really annoying and harassing. The previous sanction of the Revenue Board is necessary for the importation of opium or opium preparations. The medical practitioners are required to give the composition of patent drugs, which it is impossible for them to do. Every application is to bear a stamp duty of Rs. 1-8, if the medicine has to be imported from foreign countries or from outside the province. If a particular medicine is out of stock and is not available within the Presidency and the value of it too is comparatively small, then its importation from outside the province will cost Rs. 1-8 extra. This is a hardship on the patient besides being a worry to the practitioner not to mention the delay entailed in getting the required permit. Considering all these, the doctor may have to drop prescribing this particular medicine, while the patient may be deprived of an opportunity of a ready cure. The bureaucratic wheel often moves slowly and the application is seldom received in time to be duly sanctioned. The sale of opium from one shop to another and from one shop to a doctor, who owns no dispensary, has to be effected only after a permit has been obtained from the Collector. Emergent requests for opium preparations often have to remain uncomplied with, owing to this restriction. Then comes the accounting process which is simply tedious and exacting. There can be no objection to maintaining accounts for the quantities of opium purchased and prescribed by the doctor. But, then, there are certain cases in which very small quantities of opium are prescribed with other drugs in combination and in such proportion that they cannot be used as intoxicants or cannot produce the drug habit in the patients unless taken in large quantities when the proportion of other drugs will have to be correspondingly increased, resulting in dire consequences to the patients. The Excise rules require that even these fractions of doses have to be accounted for so that the totals might tally. For instance, *Palvis Creta Aromatic Cum-opii* is one such preparation which is largely prescribed daily in every dispensary. The opium content of this preparation is 1 in 40. About 4 grains to 90 grains of the preparation are prescribed in a day and the opium content for these small quantities varies from 0.100 to 2.25 grains. All these have to be accounted for in detail with their drug contents and opium contents and the patient's addresses and the doctor's signature are required to be taken and the file of prescriptions preserved for some years. Similarly there are preparations like *Tinc. Camphor Co.*, *Pulvis Kino Co.*, etc., which must undergo the same tedious process of accounting. This is the sort of restriction placed on the doctor and indirectly on the patient, to prevent the latter from acquiring the drug habit. But let us examine the position of the man in the street who must be safeguarded with greater care and vigilance. Every individual can obtain from the licensed vendor not less

[Dr. U. Rama Rau.]

than one tola of opium at a time for his daily use. But there is nothing to prevent that individual from concealing it or distributing it to his friends and obtaining another tola the same day and going on in this way for any length of time. So long as that individual takes care not to possess more than one tola of opium daily, he is free. Who is the greater danger to society, the medical man or the licensed vendor, it is for you to picture. In a large dispensary, where there are a good number of prescriptions of this kind daily, to work out the opium contents in each of those preparations and enter them in a register, noting down at the same time the names and addresses of the parties and other particulars is really beyond the patience and endurance of a busy practitioner. While in the midst of his professional work, the Excise Officer comes in to check the accounts and pesters him with a thousand and one questions and many a dying patient has to wait till this gentleman, dressed in a brief little authority, is satisfactorily answered and disposed of. Countless are the account books the medical practitioner has to maintain, one for opium, one for morphia, one for cocaine and one each for a host of these intoxicating drugs which the doctor has perforce to use to save an individual from suffering and death. The medical practitioner is trusted to keep poisons, to handle poisons, to prescribe poisons, and yet he has not got to account for them except by an entry in the prescription book. But with regard to opium and opium contents, he is treated as a suspect. Is it because the Government think that the medical practitioner might set up illicit trade in opium and other intoxicants among his constituents that such rigid rules are enforced? Suspicion seems to lurk in every line of those rules. On behalf of the independent medical profession who do their own dispensing, I can assure the Government that the medical practitioners are a band of honest workers engaged in the noble task of curing the sick and suffering and not in that demoralising traffic of selling opium and other intoxicants.

The Honourable Colonel Symons, than whom no more ardent supporter and bold advocate of the cause of the medical profession can be found in India at the present day, is not unaware of the oppression of the Excise Department and the hardships the medical practitioners undergo on account of the extreme stringency of the Excise rules. As President of the All-India Sub-Assistant Surgeons' Conference, held in Madras last year, he was appraised of the difficulties of the profession and, while sympathising with the unfortunate lot of the profession, he said he would do his level best to have their disabilities removed. It is a happy augury that he has since been transformed into a higher sphere of activity and is now the Head of the Medical Administration in India. I hope he will lend the full weight of his position and authority and espouse the cause and redress the wrongs of the much-neglected medical profession throughout this country. Thanks to the recent awakening in China and India and the pressure exerted by the League of Nations, the Government of India have since resolved to pursue a policy of total prohibition of opium in India and the abolition of the trade with China. The memorable speech of His Excellency Lord Reading on the 9th February, 1926, to surrender the revenue from opium to achieve this noble end is an indication of their earnestness. The Government can therefore have no manner of objection to relax the opium rules and give the independent registered medical practitioners less worry and more freedom in attending to their professional

duties. I fervently appeal to the Government to be more generous with the medical practitioners and to wholly exempt them from the operation of the Excise rules, so far as drugs in use for treatment are concerned, which go only to fetter the hands of the medical profession and thereby frustrate the object of the Government to make medical aid more cheap and less irksome. I appeal also to the Honourable non-official Members in this Council to stand by the medical profession in their hour of distress—a profession that is ever ready to help them in their sufferings—and record their united votes in favour of this Resolution. With these words, Sir, I move this Resolution for favour of acceptance by this House.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): This Resolution also, Sir, raises a very definite constitutional issue, and I will confine my remarks to trying to make those issues clear and also the position of the Government of India in regard to this Resolution. As regards poisons and other dangerous drugs such as cocaine, the rules and regulations which govern the distribution and sale of these preparations are solely matters for the concern of the Provincial Governments. Equally so as regards opium. Under section 6 of the Opium Act, the rules for the local distribution and sale of opium and opium preparations are framed by the Local Governments subject to the control of the Government of India. That control is exercised in accordance with the present Reformed constitution. The Government of India's concern in the matter of opium is primarily as regards regulation of the cultivation, manufacture and export of opium and opium preparations. But apart from this, the Government of India have undertaken very definite international obligations. Under article 6 of the Protocol of the Second Opium Conference, signed at Geneva on February 19th, 1925, the following requirements were laid down:

“Contracting parties shall require that all persons engaged in the manufacture, import, sale, distribution or export of the said substances, (that is to say opium and opium preparations), shall obtain a licence or permit to engage in these operations.

Further, contracting parties shall require that such persons shall enter in their books a notice of the manufacture, imports, exports, sales and all other distribution of the said substances.

This requirement shall not necessarily apply either to supplies dispensed by medical practitioners or to sales by duly authorised chemists on medical prescriptions, provided in each case the medical prescriptions are filed and preserved by the medical practitioner or chemist.”

It will be clear to the House that the Government of India cannot accept any proposal which would infringe this solemn undertaking. At the same time medical practitioners must either keep accounts or they must file their prescriptions dealing with opium and opium preparations. But nevertheless, if Local Governments, having regard to local conditions, find it necessary to enforce still more stringent regulations on medical practitioners in this matter, it is a question entirely within their discretion and a discretion with which the Government of India cannot constitutionally interfere. In these circumstances, Sir, and having regard to the obligations of the Government of India, I would ask the Honourable Member to withdraw his Resolution.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: If the Honourable Member promises that he will send my speech and also his speech to the Local Governments for their consideration, I have no objection to withdraw.

* THE HONOURABLE MR. A. F. L. BRAYNE: I am prepared to agree that these discussions should be forwarded to Local Governments for their consideration.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Then I will withdraw
The Resolution was, by leave of the Council, withdrawn.

SOCIETIES REGISTRATION (AMENDMENT) BILL.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, I beg to move that the Bill further to amend the Societies Registration Act, 1860, for certain purposes, as passed by the Legislative Assembly, be taken into consideration.

The amending Bill which has been brought in and which I ask the Honourable Members to consider, is a very simple and easy measure. It consists of only two clauses and these two clauses really introduce only one little addition to the existing law. As early as 1860, nearly 70 years ago, this Act which I seek to amend was enacted, and it really says a great deal for the drafting of those days that for 70 years it has endured without requiring any amendment. The circumstances have changed now and these altered circumstances do require a little modification. The Preamble of this Act mentions only literature, science and charities in the title itself. Then it adds further, the fine arts and diffusion of useful knowledge. Then there is a section 20 which introduces a number of other things into it, and it goes on further and further, so that to get at the scope of this Act it means that we must read its Title, Preamble and section 20. Apparently this has caused some confusion. The late Mr. Gokhale is, I think, very well known to all Members here; his statue used to be in the vestibule of the old Council. I do not know whether it is in this building, it may be somewhere among the veiled figures, but I did not see it. Mr Gokhale in 1905 established his Society called the "Servants of India Society," and he thought it would come under the heading of the "Diffusion of Useful Knowledge." That Society does educational work and social work, and has also founded a school of political thought which was known as "Moderate" at one time. Since then it has been called "Liberal" and now I suppose it functions under the title of "National." That school is there and its principles are there; they have not changed and everything is going on in the same way. Two attempts were made to get this Society registered and on both occasions the Registrar of Societies thought that this Society did not come within the scope of this Act and the registration was refused. So there arose a difficulty and I suppose the only remedy would have been for Mr. Gokhale to go to a court and ask for a direction to the Registrar that he should register the Society. But he did not take that course. The only other Act that can govern this case is the Act of 1913, the Companies Act. It is possible, I believe, to get this Society registered under that Act, but there is a certain bad odour about it. The Society would have to call itself a Company under that Act, and these people who want to establish schools of political politics would not wish to call themselves a company because a company has a commercial connotation. Anything registered under the Companies' Act has to have a tail added to its name of being "limited". It may be any company, but if you get it registered it will have to be So-and-So Company, Limited. Now people who want to

establish schools for spreading learning would not like to have this tail to the name of their schools of being called "limited". Therefore there is a real sentimental objection, and I believe a real objection too, to going under the Companies Act. So the only remedy left is to have this Act amended; and this amendment when it was discussed in the other place fortunately was not objected to too much and the amendment that has been printed here is merely a drafting amendment as we call it, and I am disposed to accept it. It is not therefore necessary for me to go into the whole matter at great length at any rate at this stage unless some objections are raised, in which case I shall answer them; but in their absence I content myself with moving that this Bill be taken into consideration.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 2 do stand part of the Bill."

THE HONOURABLE MR. H. G. HAIG (Home Secretary): Sir, I beg to move the amendment which stands in my name:

"That in clause 2—

- (1) before the words 'In section 20' the words 'In the Preamble to and' be inserted;
- (2) the letter and brackets '(a)', the word 'and', and the whole of sub-clause (b), be omitted."

These, Sir, are very small amendments and I am glad that my Honourable friend has expressed his willingness to accept them. I need only say that the first amendment is purely a drafting one. The relevant words which it is sought to amend occur both in the Preamble and in section 20, and the object of this first amendment is merely that the same words should be inserted in the Preamble as are being inserted in section 20.

The second point seeks to confine the amendment of this Act to the particular object which the Mover of the Bill had in mind. I understand, Sir, that in regard to this particular class of society there is a sentimental feeling that they would prefer to be called "society" rather than "company", and in deference to that sentiment the Government of India have decided for their part to accept the amendment which will enable these societies to register themselves under the Societies Registration Act. The Government of India see no necessity to extend the provisions of the Societies Registration Act any further to overlap the provisions of the Companies Act. The words contained in sub-clause (b) of clause 2 of this Bill are already contained substantially in section 26 of the Companies Act, and the Government of India therefore think it unnecessary that they should be repeated. Sir, I move the amendment.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. G. S. KHAPARDE: I move, Sir, that the Bill, as passed by the Legislative Assembly, and as amended further by the Council of State, be passed.

The motion was adopted.

ELECTION OF A PANEL FOR THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT: Honourable Members will now proceed to elect a panel of 8 members from which 6 members shall be selected to serve on the Central Advisory Council for Railways.

(The ballot was then taken.)

ELECTION OF A PANEL FOR THE STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

THE HONOURABLE MR. G. L. CORBETT (Commerce Secretary): Sir, I move that this Council do proceed to elect in the manner described in the rules published in the Home Department Notification No. F.-49, dated the 22nd August, 1922, as amended by the Home Department Notification No. D.-794-C, dated the 30th January, 1924, a panel consisting of 6 members from which 2 will be nominated to serve on the Standing Committee to advise on subjects in the Department of Commerce

The motion was adopted

The Council then adjourned till Eleven of the Clock, on Wednesday, the 23rd February, 1927

COUNCIL OF STATE.

Wednesday, 23rd February, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN:

The Honourable Sir George Rainy, K.C.I.E., C.S.I. (Commerce Department: Nominated Official):

RESULT OF THE ELECTION TO THE PANEL FOR THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT: I have to announce to the House the result of the election held yesterday to the Central Advisory Council for Railways. The following eight Members have been elected:

- The Honourable Sir Dinshaw Wacha,
- The Honourable Rai Bahadur Lala Ram Saran Das,
- The Honourable Sir Arthur Froom,
- The Honourable Sir John Bell,
- The Honourable Mr. Ramadas Pantulu,
- The Honourable Mr. Mahmood Suhrawardy,
- * The Honourable Rao Sahib Dr. Rama Rau, and
- The Honourable Shah Muhammad Zubair.

THE HONOURABLE THE PRESIDENT: With reference to the motion carried in this House yesterday that the Council should proceed to elect the panel for the Standing Committee to the Department of Commerce, I inform Honourable Members that nominations for the panel will be received by the Secretary up till the hour of noon to-morrow.

MOTION *RE* APPRECIATION OF THE RESULTS ACHIEVED BY THE GOVERNMENT OF INDIA DELEGATION TO SOUTH AFRICA.

THE HONOURABLE SIR DINSHAW WACHA (Bombay: Nominated Non-Official): Sir, I beg to move the following Motion:

"This Council begs to convey to His Excellency the Governor General in Council its appreciation of the results achieved by the Government of India delegation to the recent Round Table Conference on the Indian question in South Africa, and expresses the hope that the direct relations that have now been established may eventuate in lasting amity between India and South Africa by the satisfactory settlement of any questions that might still require adjustment."

Sir, no words of mine are needed to commend this motion to the Council. In fact, Sir, it is the echo of the general wish expressed by

[Sir Dinshaw Wacha.]

the Honourable Members of this House the other day soon after the popular Leader of the House had read the terms of the agreement, namely, that it is the duty of this Council to express its cordial appreciation of the very valuable and strenuous efforts the Governor General in Council has made towards the solution of this vexed problem of South Africa. The problem has been the outstanding feature of Indian agitation for the last 30 years and more, and happily, owing to the exertions of two of our latest best Viceroys, it has now been finally settled. During the interval there has been a great deal of agitation on the subject. Many incidents and vicissitudes have occurred of a most undesirable character, but all the same, they have been removed. There was a time when, I am sorry to say, the climax of the exasperations of the public in India had reached the stage when they suggested there should be a kind of economic war with South Africa, as a measure of retaliation. However, Sir, by the statesmanship of our rulers and the common sense of the people we never reached that calamity. We are in a position to-day to congratulate ourselves that a happy settlement has been reached. As a matter of fact, no two Viceroys have exerted themselves so strenuously with patience and perseverance, with judgment and statesmanship, as Lord Reading and Lord Irwin. His Excellency Lord Reading, from the day that he was appointed Viceroy of India made the most earnest efforts to see how this long-standing vexed problem could be settled and a *via media* established. We are glad to say that owing to his perseverance and other qualities the question of how to bring about a *via media* was nearly established. However, his term of office expired and he had to leave India. But in Lord Irwin we found another Viceroy equally persevering, equally patient and equally promising to bring the matter to an end, and fortunately for him, he has most successfully achieved that end. The two circumstances that were in his favour during the last six months are these. The Imperial Conference had discussed this question last summer in London and we all found that the attitude of General Hertzog, Prime Minister of the South African Union, and other members of it were so very favourably disposed towards the solution of the question. Another circumstance was that later on General Hertzog himself offered that his delegates should come here and see for themselves and understand, unofficially of course, the feelings and sentiments of the people here on this question. These two circumstances have been very fortunate in our case and led to a Round Table Conference. A Round Table Conference was on the lips of many people even before, but never materialised. However, these two incidents brought the matter round and a Round Table Conference was fixed. It was held in December. Here too, happily, owing to the selection made by both sides, the South African Union and the Indian Government, we had as members of the delegation men in whom the public had very great confidence and who were men of distinction in public affairs. That being the case, of course, everybody expected that there would be a good solution, and this happily has now become an accomplished fact. To my mind, Sir, it appears like this: that the delegation went to work with something like the spirit of Locarno; the spirit of Locarno was there; there was an atmosphere of peace and good-will towards each other, and I think that has greatly helped in bringing about a solution. The historian of the future will say that like Locarno in Europe there was likewise a minor Locarno in South Africa. However, Sir, all is well that ends well, and we are all glad—the whole of India is glad so far as I can see from the papers that are

before me—that there is satisfaction all round on this settlement. It may be that, as usual, there are men who will be critics of the Government whatever the Government does or does not do; but they do not matter. I believe there is general satisfaction all round on the subject, and that is a matter for congratulation on the part of ourselves and on the part of the Government of India. The only thing that now remains, as was said by the Honourable Sir Muhammad Habibullah, is that the details will have to be settled and direct relations will have to be established; and I hope, as I have said in the motion, that the details and principles will also be discussed and agreed upon in the same spirit of good-will and cordiality as the main problem. With these few remarks I take my seat.

THE HONOURABLE SIR ARTHUR FROM (Bombay Chamber of Commerce): Sir, it is with great pleasure that I support the motion moved by my old friend, Sir Dinshaw Wacha and in doing so I congratulate the Government of India on the conclusions reached by the Round Table Conference on the Indian question in South Africa. I also extend my hearty congratulations to those Statesmen in South Africa who rendered such happy conclusions attainable. In particular, our thanks are due to Sir Muhammad Habibullah, and his coadjutors, the Honourable Mr. Corbett, our old friend the Right Honourable Srinivasa Sastri, the Honourable Sir Phiroze Sethna, another Member of this Council, Sir Darcy Lindsay and Sir George Paddison. As my old friend here has pointed out, this question of Indians in South Africa has been a problem before the Government of India for very many years. Each successive Viceroy has wholeheartedly and unrestrainedly upheld India's views, and it must be a matter of no small gratification to His Excellency Lord Irwin, as it is indeed to us, that an agreement has been arrived at during His Excellency's term of office. Pre-eminent among the conclusions arrived at is the decision of the Union Government to drop the Class Areas Bill, and that this should have been achieved would alone have well justified the existence of the Honourable Sir Muhammad Habibullah and his fellow-workers in their sphere of an Indian deputation to South Africa; but they have accomplished more and our thanks are unrestrainedly due to them.

Sir, I wish to refer briefly to the wise decision of Government in their invitation to a deputation from South Africa to visit us last autumn; and I applaud India on having extended to that deputation her open hospitality, the generous hospitality which India knows so well how to extend, better perhaps than any other country in the world. The deputation must have returned to South Africa much impressed with all they saw and with a vivid recollection of a right royal reception at the hands of a kindly people; and, Sir, I cannot help thinking that that in itself paved the way for the gracious reception in South Africa of our deputation from India and contributed in no small degree to the crowning success of the Round Table Conference. Sir, I will not proceed further; there are doubtless many other Members of this House who wish to speak, and I imagine that, on this auspicious occasion, "e'en the ranks of Tuscany can scarce forbear to cheer".

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, I have great pleasure in associating myself with the expression of appreciation of the successful labours of the mission to South Africa. In expressing our gratitude to the delegation I hope we are voicing the feelings

[Mr. P. C. Desika Chari.]

of gratification and relief with which people of all shades of opinion in this country received the terms of agreement between the Government of India and the Union Government. With pardonable feelings of pride I congratulate the deputation headed by the Honourable Leader of the House, who hails from the same town as myself, on the ability and tact with which they handled a delicate and extremely difficult and baffling problem at a critical juncture, on their having concluded an acceptable and honourable compromise, and on having in fact accomplished a task which at this time last year was deemed well nigh impossible. I hope the Honourable Members of this House will share with me this feeling of pride on account of the fact that no less than three Members, including the Leader of the deputation, are Members of this House. I am not disposed to be critical at this juncture and I hope the Honourable Members of this House, to whatever party they may belong, will not embarrass the Government whose unstinted efforts and sincere advocacy of the cause of Indians in South Africa will not be denied by anybody. Sir, I value the results of the deputation more on account of the changed angle of vision and the spirit of good-will with which the South African Government approached the Indian problem as embodied in the terms of the agreement, than on account of the terms themselves which have been conceded by the agreement. The terms are of this significance, that even South Africa has after all come to realise the gravity of the injustice done to the Indian population there and to recognise that Indians as human beings are entitled to a certain amount of consideration on the principle of live and let live, and that they have got a just claim to certain essential and rudimentary rights of domicile. We are all aware that Indians are still denied certain elementary rights and that the political and municipal franchise to which their domicile entitles them are not conferred upon Indians domiciled in the Union. But we have to take note of the fact that the Union has seriously begun to think of the uplift of the Indians there and that the Union Government evinces a desire to provide Indians with facilities for housing, sanitary arrangements and education. It is also satisfactory to note that the Union Government is prepared to provide Indians with advisory committees of representative Indians with a view to solve the problem.

Sir, it is not necessary for me to dilate upon the achievements of the delegation as contained in the agreement, a copy of which has been put into our hands. I find, Sir, from it that there is a definite abandonment of the vexed policy of segregation. We find in the terms of agreement the system of assisted emigration in place of repatriation, provision for the entry of wives and minor children which are intended to enable Indians to live a happy life in the country of their domicile, a strict adherence to the principles of the Industrial Conciliation Act and Wages Act to all people alike including Indians which enable all people to take their place on the basis of equal pay for equal work and the acceptance of the principle of limiting the discretionary power to local authorities by statutory limitation and giving them the right of appeal when the time comes for it for revision of the Trade Licence Laws; these are advantages for the accomplishment of which we have to thank the deputation. But I hope and trust the same spirit of good-will and co-operation which characterised the beginnings made for the happy relationship of the two Governments will enable the Union Government to work out the details in the same spirit, and I hope the outstanding problems will be

worked out in the same spirit of co-operation and good-will. Sir, I once again appeal to the Members of the Swarajist Benches, and especially to the Leader of that Party, not to make statements which are likely to mar the beginnings of that happy relationship of cordiality and friendship which are likely to promote the interests of Indians in South Africa. Sir, if the Honourable the Leader of the Swaraj Party would only resist the temptation to make statements which are likely to mar the good beginnings, I believe the future of the domiciled Indians in South Africa will not be greatly imperilled.

Sir, before I conclude, I should like to say one word as regards the character of the Agent or Commissioner to be appointed by the Government of India in South Africa. It is necessary that the Agent or Commissioner to be appointed should be an Indian, because I think, Sir, that an Indian as an Indian will be able to impress upon the Union Government more than any representative of British origin who would have an impress upon him of the character of a British Agent paid to champion the Indian cause. A greater significance will be attached to the fact that an Indian is there, and that he is voicing the true national feeling whenever this question arises again in South Africa. In making this suggestion I am not actuated by any feeling that any representative appointed from among the ranks to which my Honourable friend Mr. Corbett belongs will fail in his duty, but it is necessary to appoint an Indian in order to impress upon the Union Government the right attitude of the Indian people. With these few words, Sir, I heartily support the motion which is before the House.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab : Nominated Non-Official): Sir, as I have always taken a keen interest in the debates on the South African problem, it will not be right if I do not join to-day on such an auspicious occasion. At this time, I join the chorus on a different keynote. I used to be the bitterest of critics on the subject and I used to go to the length of saying that we should declare a war against South Africa. I even once told the Government that when one hundred per cent. of us are on one side on the South African question, if they do not help us, they are not our true Government. I am glad to find to-day that the British Government, specially our Indian Government, have been our true Government and they have helped Indians out of the humiliation and shame to which they were subjected in a foreign land. If we can be the bitterest enemies, I think we can also be the greatest friends, because after all knowing each other well as enemies at one time, if we become friends again, we become much truer friends. I only hope, Sir, that our friendship will develop and the whole question will be settled satisfactorily once for all. Sir, I have known the Honourable Sir Muhammad Habibullah for a long time, and from the very time I first saw him I could see in him a statesman of great calibre. Though we should not ignore, as my friend Sir Dinshaw Wacha said, the spirit of Locarno, I think the spirit of the Empire as a whole to be united was much greater in England when the Prime Ministers of all the Dominions met than even Locarno, and those statesmen returned to their Dominions with the changed angle of vision which was to a large extent responsible for this happy settlement. But as we call it in India, the "Sehra" i.e., the garland is on the head of our great friend Sir Muhammad Habibullah. With these few words, I support the motion heartily.

THE HONOURABLE RAJA NAWAB ALI KHAN (United Provinces: Nominated Non-Official): I rise, Sir, to support most cordially the motion which stands in the name of my Honourable friend, Sir Dinshaw Wacha. I feel it to be in the fitness of things that commendation for the successful issue of a very "difficult and delicate mission"—to quote the words used by the Leader of the House—relating to a question which deeply touches Indian national sentiment should come from the most senior Member of this Council who has always taken a deep interest in the status of Indians in South Africa, and whose fearless patriotism is a guarantee that any praise that he may give in the matter will not be lightly given. In my opinion, the results announced to us the other day could not have been improved by any delegation that this country could have sent. For I should like the House to hear two facts in mind. The first is that only in July 1925 Dr. Malan, Minister of the Interior, had stated in the Union Legislative Assembly that the Indian, as a race in South Africa, was an alien element in the population and that no solution of the Indian question in South Africa would be acceptable unless it resulted in a very considerable reduction of the Indian population in that country. The second fact is that the Areas Reservation Bill, the introduction of which provided the occasion for the speech to which I have just referred, was intended to achieve this object (1) by introducing commercial and residential segregation, (2) by imposing restrictions on the right of Indians to acquire immoveable property, and (3) by prohibiting after 1930 the admission into the Union from outside of the wives and minor children of Indians resident in South Africa. Dr. Malan's determination to place this Bill on the Statute-book was frequently expressed, and in the evidence which was given before the Select Committee of the Union Legislative Assembly to which the Bill was referred, the representatives of European opinion in South Africa urged strongly, not only that the Bill should be passed but that its provisions should be made more drastic. The Indians in South Africa were of opinion that, if this legislation were passed, "it would threaten the Indian community with absolute annihilation". I am using the words of the South African Indian Congress. The Paddison deputation helped to secure postponement of the legislation pending a Round Table Conference between the representatives of the Government of India and the Government of South Africa on the Indian problem. This Conference has now agreed, not merely that the Bill should be dropped, but has secured from the Union Government a declaration of policy "that it is their duty to devise ways and means and to take all possible steps for the uplifting of every section of their permanent population" and "that in the provision of educational and other facilities the considerable number of Indians who remain part of the permanent population should not be allowed to lag behind other sections of the people". Thus, not only is the Indian community in South Africa saved from a measure which threatened it with annihilation, but is assured that "it would not be allowed to lag behind other sections of the people". No words of mine, Sir, are necessary to bring out the contrast between the position now reached as a result of the Conference and the position as it was in July, 1925, when a responsible Minister of the Union Government described the Indian as an alien and introduced legislation which was intended to reduce his number by drastically restricting his trading and proprietary rights. This, Sir, is a transformation as happy as it is remarkable, and I am sure that every reasonable person in India and in South Africa will view the change with unmixed satisfaction. To Indians in South Africa who, ever since the Bill

was introduced, have been living in the shadow of segregation and other threats to their existing privileges, this part of the settlement must be a great boon.

The next point in the settlement which I wish to dwell on is the scheme of assisted emigration. There seems to be a disposition in some quarters to regard this as something new and something improper. I do not pretend, Sir, to be an authority on this very complicated question, but it appears to me that the principle of assisting Indians to return from South Africa to India is as old as the Smuts-Gandhi settlement. Indeed, according to the evidence which Mr. Andrews gave before the Select Committee on the Areas Reservation Bill last year, this principle has the support of Mr. Gandhi himself. For my part, Sir, I fail to see how the assisted emigration scheme can be described as "new". Its principal new feature is that, whereas under the existing scheme of repatriation a person who accepts a free passage has to surrender his Union domicile irrevocably, under the new scheme no such surrender will be required, and this is a decided improvement. Nor, Sir, do I agree with those who think that the scheme is improper. I am unable to detect any element of impropriety in it. It is entirely optional. It does not require any one to leave South Africa if he does not wish to. And it enables a person availing himself of the benefits of the scheme to return to South Africa, if he so desires, within 3 years of leaving the Union. What possible objection can there be to a person migrating of his own free will to the land of his own birth or the birth of his forefathers, if conditions in South Africa are not congenial?

I would not detain the House, Sir, over the proposal of the Union Government that the Government of India should appoint an agent in South Africa. I sincerely hope that Government will accede to this request and send the most suitable man as their representative. If the right person is selected for it, the appointment may help to place relations between India and South Africa on an entirely new basis.

Reference has been made, Sir, to the fact that nothing was done to secure for Indians in South Africa the political and the municipal franchise. I yield to no one, Sir, in the desire to see that Indians who have settled in other parts of His Majesty's Dominions should have the same privileges as any other class of his subjects. But I recognise, Sir, that this is an ideal, the practical attainment of which must depend upon local circumstances. The position in South Africa is singularly difficult. I do not agree with the views which the majority of white people in that Dominion hold on the question of Indian enfranchisement, but it would be idle to disguise the fact that it is their views which must affect the attitude of the Union Government in the matter. As the annexure says, it is not possible for that Government to take action which is much in advance of public opinion. We have no alternative, therefore, but to wait for a change in the opinion of the electorate in South Africa. Let us hope that the friendliness which now marks the relations between the two countries will rapidly grow and bring about the change that we all want. The agreement provides for periodical consultation between the Government of India and the Government of the Union, and I have no doubt that, as soon as circumstances permit, this question will be taken up on the occasion of one of these periodical reviews. I would say the same thing about municipal rights.

To conclude, Sir, I would repeat what I said at the start that this agreement is the best that could have been secured in the circumstances, and

[Raja Nawab Ali Khan.]

the delegation which negotiated it deserves the warmest commendation from this House and from India. To us, Sir, it is a matter of peculiar gratification that the leader, the deputy leader, and one member of the delegation are Members of this House and the fourth—the Right Honourable Srinivasa Sastri was once a Member of a former Council of State. Their achievement is in a way our achievement and the great credit which justly belongs to them for the success which attended their efforts is in a measure reflected on this House. I hope, Sir, the House will support Sir Dinshaw Wacha's motion unanimously.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan): Sir, I rise to support the motion which has been so ably moved by the Grand Old Man of this House, the Honourable Sir Dinshaw Wacha. It is a matter of pleasure to find that the Indian delegation to South Africa was led by an Indian, the Honourable Sir Muhammad Habibullah, the Leader of this House, who by his statesmanship achieved unexpected success. This is perhaps the first time that an Indian has led such a deputation abroad—a delegation the personnel of which was received with universal satisfaction. The agreement brought about will be received in India and by the Indians in South Africa with feelings of gratification and relief, and it is hoped that this settlement will eventually lead to the complete fulfilment of the best hopes for the future of Indians in South Africa. Our thanks are due to Lord Reading, His Excellency Lord Irwin and the Government of India for the paternal interest they have taken in this matter. The Honourable Sir Muhammad Habibullah, the Right Honourable Srinivasa Sastri, the Honourable Sir Phiroze Sethna, the Honourable Mr. Corbett, Sir Darcy Lindsay, Mr. Bajpai and the other members of the delegation, deserve our hearty congratulations on having obtained a settlement, which has been ratified by the Government of India and by the Union Government, and which it will be universally agreed is, in the words of Mahatma Gandhi, an eminent expert on South African affairs, "honourable to both parties." The terms are the best that were possible under the circumstances. The untiring services of Revd. Mr. C. F. Andrews deserve great credit as they went a great deal to help both the delegations and the Union Government in its deliberations, and his work was greatly responsible for creating a healthy atmosphere in South Africa. On two essential questions, firstly, "compulsory repatriation" and secondly, "compulsory segregation" a fairly acceptable and honourable compromise has been arrived at. The Class Areas Bill has been definitely dropped. The position in respect of sanitation and housing in the Port Durban area and around it will be carefully investigated by the Union Government. We welcome the recognition by the Union Government of the Indian community as an integral part of their population. If the atmosphere of good-will and sociability which has now been established between India and South Africa is kept up and encouraged, the settlement can be used as a solid foundation for erecting the beautiful temple of freedom for Indian settlers in South Africa. But the success of the settlement very largely depends upon the selection of the Agent or Commissioner who will be selected to represent the Government of India. He must be a person of eminence, great ability and great strength of character and ought to be an Indian. The very fact of his being an Indian will strike the imagination of the European population and raise Indian settlers in European estimation.

I also take this opportunity of thanking General Hertzog and Dr. Malan, the Minister of the South African Delegation, for their sympathetic interest and their efforts which were responsible for this happy settlement.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, I have always compared the Commonwealth as it is called now, of free nations to a re-united joint Hindu family. A re-united joint Hindu family originally springs from one ancestor. Then the members divide, then they go abroad, make their acquisitions and then again come back and re-unite. That is a re-united Hindu family. Our British Empire is something of this kind. I have always compared it to a re-united Hindu family. I shall compare it with the story which I am going to relate later on. In this re-united family there was a very good jewel and that jewel got stolen. Then the charge was made that the head of the family had appropriated the whole thing to himself and pretended that the jewel was lost. There was a great uproar all round and various people started in search of that jewel. The head of the family did not like it, of course. Then they found that a boar had taken away the jewel. They ran after the boar and they found later on that a lion had killed the boar. They went in search of the lion and found that it was killed by somebody else and then there was immense darkness. They penetrated through that darkness and there was a great deal of adventure, and ultimately they discovered that that jewel was there. Then the head of the family started and went there and of course he saw the boar and the lion and then the darkness and he had to make his way through the darkness and he did make his way through the darkness. I compare that story to the present case. There was the Boer War. We were one of the causes why the British Government went to war with the Boers. The treatment given to us induced the British Government to go to war and we helped the British Government as far as it lay in our power and eventually we succeeded, of course. Then they took away the jewel that we possessed and concealed it in a great deal of darkness. That is the racial prejudice that was raised in South Africa. There were various other matters also that intervened and at one time it looked as if the door was going to be shut entirely against us and we were going to be excluded forever from South Africa. Then one of our friends, Sir Tej Bahadur Sapru, said, "Nothing of the kind; you cannot shut the door; if you do so I shall have to put my foot down; you will have to crush me before you close the door." Then they said, "We keep the door open for discussion." He succeeded in keeping the door open for discussion. Then the deputation went there and discussed the matter. I do not say they have got back the whole jewel. But they have dispelled the great deal of darkness there was about it. That prejudice has gone away to a considerable extent. The deputation came here and we enlightened them and our friends went there. I do not say that the darkness has entirely disappeared, but it has become visible darkness. Gradually there will be more light. The great credit which I give to our delegation is for the pioneer work which they have done. It is not only that what they have done is very great. It is very great indeed. But further work has been made possible by them. What they have done is good enough, but they have made it possible for further work to be done, and that further work will be done by co-operation between the Indian Government and the Union Government. One of our agents will be there, and as my Honourable friend suggested, I hope that agent will be an Indian, an educated Indian, a well qualified Indian, and a person more or less versed in diplomacy also, if possible. And then further work

[Mr. G. S. Khaparde.]

will be done and then the jewel will come back. That is to say, all that we had there and all that we want will come. We will get not only the municipal rights, the ordinary rights of citizenship, but I suppose the time will come when our people will rise and acquire several things. They have got good brains and muscle. I hope an Indian will become President of that Union. That is what I look forward to. This has been rendered possible by the labours of the delegation that went from here. My Honourable friend opposite, Sir Muhammad Habibullah, was the leader of this deputation. I am an old man. I will not live to that time. He is younger. I hope he will live to that time and he will help the President with his advice and counsel. With these words, Sir, I heartily commend this motion to the acceptance of the House.

THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB OF BURDWAN (Bengal. Nominated Non-Official): Sir, one may truly say that this is in a sense a historic occasion and I trust that my Honourable colleagues here will pardon me if I allow my mind to travel back first of all to 1909 and 1910 when the Natal indentured labour question was so much exercising the minds of Indians, and when a gentleman who since, by the evolution of India, has become a Mahatma, was a plain Mr. Gandhi, met many of us in Calcutta and brought to our notice the conditions of Indians in South Africa. I well remember my late esteemed friend Mr. Gokhale enlisting the sympathies of us all in the then newly formed reformed Councils under the Morley-Minto Reforms, and I well remember the debates that took place in the old Imperial Council on the subject. Since then things have moved and things have moved fast. When I went to England as a representative from India at last year's Imperial Conference I was warned by the India Office that whilst the attitude of the Indian delegates to the Imperial Conference of 1923 was not misunderstood, it had unfortunately not cut any ice. In consequence when I was asked to be careful in saying anything that I had to say on the question of the Indians in South Africa, I naturally realised that my task was to try and bring good-will and good fellowship between the South African delegation to the Imperial Conference and the members of the Indian delegation, and to further the progress of the good work that had been done by the Paddison Committee during its visit to South Africa. I do not in any way wish to take the credit of having been even unintentionally instrumental in gaining the good-fellowship and good-will of General Hertzog and the members of his delegation; but my mind travels back to a memorable afternoon at the Imperial Relations Committee when Lord Balfour was discussing what should be the formula of the status of the Dominions. Unfortunately or fortunately for me, my first in command was not there and I rather ventured, when I saw that there was a good deal of heat in the discussion, on suggesting a formula which more or less is the formula which has since been adopted. After that afternoon's meeting General Hertzog and I clasped hands as friends, and I congratulate Sir Muhammad Habibullah on having been fortunate on behalf of India to have achieved what we had not achieved up to now; and although there may be a great deal yet to be done, I trust that the establishment of India's right to have direct relationship with South Africa and the appointment of an Agent is not only another step towards the realisation of India being a partner of the Commonwealth of British nations, but also that it

will usher in an era of prosperity to those Indians who have made South Africa their home, and that it will make not only the lot of Indians out there happy but will bring about a better understanding and better relationship between the Union Government and the Indian Government. I wish to congratulate one and all of the delegation, particularly my esteemed friend Sir Muhammad Habibullah, on the success which he has achieved, and would suggest, Sir, with your permission, that our best thanks should be conveyed not only to Lord Irwin but to Lord Reading for their share in the work; and I think that when we are discussing big problems and applauding the achievements of big statesmen we should not forget that little man who has done so much for the Government of India in this matter—I mean Mr. Bajpai. With these few words, Sir, I wish to support most heartily the motion moved by my esteemed friend, Sir Dinshaw Wacha.

THE HONOURABLE MR. V. RAMADAS PANFULU (Madras: Non-Muhammadian): Sir, I rise to give expression on behalf of the Congress Members of this House to our sense of appreciation of the labours of the delegation headed by Sir Muhammad Habibullah and to our feelings of gratification for the beneficial results produced by their visit to South Africa and the holding of the Round Table Conference at Cape Town. When it is conceded by such an eminent authority on South African questions as Mahatma Gandhi that the agreement arrived at by the representatives of the two Governments is the best possible under the circumstances and that it is honourable to both parties, it is impossible to withhold our praise from the representatives of the Government of India, so ably headed by Sir Muhammad Habibullah, for the part they played in effecting a settlement.

The agreement, apart from its actual terms, undoubtedly discloses not only tokens of good-will and a change of heart, but also a desire on the part of the Union Government to view, in future, problems affecting the Indian settlers from a sympathetic standpoint.

Before expressing our view on the merits of the settlement, I have to state that owing to a variety of causes we are confronted with a somewhat difficult situation. Firstly, the procedure adopted by the Government of India in announcing to the Central Legislature the ratification of the agreement, without previously inviting the Legislature to consider it, is open to grave objection. By denying to the Central Legislature even the function of an advisory body in a matter of such national importance, the Government of India have not only placed the Legislature in a very embarrassing position, but assumed the entire responsibility for the settlement. Again, Sir, it is not easy for us to express any considered judgment on the settlement before we know how the people immediately affected by it namely, the settlers in South Africa, appraise its value. It will take some time before we receive reliable information regarding the effect of the agreement on their minds. Neither the people of India nor the South African Indians are parties to the settlement. So, frankly speaking, no question of accepting it or not accepting it arises. All that is possible for Indians in both countries to do at present is to express their opinion on the terms of the agreement and its immediate effects and future possibilities. The opinion of the South African Indians is indeed of primary importance in judging the matter, but we must remember that they are placed in a situation which hardly permits of the exercise of their free will in the matter;

[Mr. V. Ramadas Pantulu.]

and their own choice can hardly be viewed as a case of self-determination. So we, the Indians in India, have an equal responsibility in the matter. We have an obligation to see that if our fellow-countrymen are permitted to live in other lands, it is only on terms not derogatory to national self-respect.

Handicapped, as we are, by such serious limitations as stated above, I am glad to be in a position to acknowledge that there are some beneficial provisions in the agreement. The dropping of the Areas Reservation Bill,

12 NOON. which aims at practically driving away Indians from the Colony, the abrogation of the provisions of section 6 of the Indian Relief Act under which an Indian had to sign away his domicile and that of his wife and children before leaving the Colony, the lowering of the age of minority fixed for emigration from 21 to 16, the acceptance in practice of the formula of equal pay for equal work, the proposals for uplifting the Indian community by schemes of education, sanitation and housing and some provisions of the scheme of assisted emigration, are undoubtedly very good points in the settlement. All the same, I think it will be folly to shut our eyes to the dangerous points which are contained in the scheme. The adoption of Western standards of life which is virtually made as a *sine qua non* for living in the Colony is a matter of great difficulty. Sir P. Sivaswamy Aiyer pertinently raised vital issues regarding the exact implications of the expression "Western Standards" and the financial burden that will be involved in the attempt to conform to those standards that might be ultimately demanded by the Union Government. The scheme in the case of those who cannot attain that standard in the near future will perhaps amount to compulsory repatriation. Mahatmaji's fears, therefore, of repatriation re-emerging as re-emigration are real. Again, the Indian Government and the people should also be watchful over the operation of the provision to send settlers to countries other than India under the assisted scheme. The provision about refunding assistance money and bonus in the event of returning to South Africa virtually destroys the concession of non-forfeiture of domicile and of liberty to return to the Colony. Again, the clause provided for investigation into sanitary and housing conditions in and around Durban which will include limitation on the sale of lands may result in cramping the Indian community residing in Durban. Then again the entire question of the civic freedom and elementary citizen rights of Indians in South Africa are relegated to the womb of the future, and no assurance is forthcoming. India cannot overlook these unsatisfactory features.

The proposals for the appointment of an Educational Commissioner and an Agent on behalf of the Government of India will be widely welcomed, but the object in view may not be accomplished unless Indians of high attainments and approved standing and who will command the confidence of Indians in this country as well as in South Africa are selected for these posts of trust and responsibility.

THE HONOURABLE SIR PHIROZE SETHNA (Bombay: Non-Muhammadan): Sir, it must be as gratifying to the Honourable Sir Muhammad Habibullah, the Leader of our House, who by a happy coincidence was also the leader of the delegation from the Government of India to the Round Table Conference at Cape Town in South

Africa, as also to the deputy leader, the Honourable Mr. Corbett, as it is to myself, who are all three Members of this House and served on the delegation, to hear the favourable comments made on the work of the Conference by the speakers who have preceded me and to read what comments have already appeared in the Press so far. Sir, on many important questions relating to the affairs of Indians, perhaps the Government of India have not seen eye to eye with the Indian public, but on this vexed question of South Africa it is most gratifying to us that the Government of India took up a stand which was quite in consonance with the views of the Indian public from the time that Lord Hardinge was Viceroy. His successors were as determined and carried on the struggle, and it has fallen to the lot and good fortune of His Excellency Lord Irwin that within the first year of his Vicerealty, he and his Government have been able to achieve such good results. If the Government of India delegation has achieved some success, we as members of that delegation are quite prepared to admit and acknowledge the yeoman service rendered by the deputation which went to South Africa a year before us. They laid a strong and solid foundation upon which we have been able to raise a superstructure which, we feel confident, as years go on, will gain greater and greater strength, and I believe that the Government of India acted very wisely in appointing the former Chairman Mr. (now Sir George) Paddison as one of the members of the delegation and have acted equally wisely in lending us the services as Secretary of that able and efficient officer Mr. Bajpai who was also the Secretary of the deputation.

The House may not be generally aware that South Africa in size and extent is one-eighth of Canada and one-sixth of Australia. South Africa is divided into four provinces, Cape Province in the South with 277,000 square miles is larger in extent than the other three Provinces put together; while the combined area of the other Provinces, the Orange Free State, the Transvaal and Natal falls a little short of 200,000 square miles. I give these particulars to the House, because I desire to remind Honourable Members that although since 1911 these Provinces have been united and the Government is now known as the Government of the Union of South Africa, before the Union these Provinces had their own Governments and their own different laws. The tendency, therefore, still continues of endeavouring to follow in many directions the laws which prevailed when there was no union, and this accounts for the difference of treatment of Indians in the different Provinces. The Indian population to-day in South Africa is estimated at 173,959, of which there are less than 200 in the Orange-Free State, and there is no likelihood of that number increasing, because no more Indians are admitted in that Province. In the Cape Province, there are 6,615. The Transvaal is regarded as the richest Province so far as its mineral wealth is concerned, and the number of Indians in that Province is 15,747, whilst the remainder of the 151,420 are in Natal. Now, Natal including Zululand, be it remembered, is by far the smallest of the four Provinces; but if it is the smallest, it is the most fertile and measured by population and taxable income by far the wealthiest. In the Cape Province for nearly 300 years there have been Asiatics who are known as Cape Malays. They were brought there originally from Java, and for these Cape Malays there is always a soft corner in the hearts of the South Africans. Most of them live in the Cape Province, and whatever laws were applicable to the Cape Malays were made equally applicable to the Asiatics in this Province, with the result that the lot of the Asiatics in Cape

[Sir Phiroze Sethna.]

Province is not as bad as in the Transvaal and in Natal. The Areas Reservation Bill and the disabilities contemplated therein were the result of agitation from Natal and the Transvaal. The Areas Reservation Bill, if it were passed last year, would indeed have driven away Indians from South Africa bag and baggage, and if our delegation had succeeded in doing nothing more than have the Bill withdrawn, it would have been credited with having succeeded in its purpose. As the House was informed by the announcement read out by the Honourable the Leader of the House and also by the annexure to the same which was handed over to us two days ago, the delegation was able to accomplish more. It is not necessary for me to refer to these details, but I shall in brief refer to some of the criticisms which have been offered not only by Honourable Members in this House, but also by others who by their firsthand knowledge and their long-standing connection with South Africa are in a position to speak with authority. The House will admit that there is no person in the whole of India who understands this question so well as Mahatma Gandhi. His opinion has been expressed in the papers and to which reference has just been made by the Honourable Mr. Ramadas Pantulu. In brief, he says that the settlement is honourable to both parties. It is not the best that can be conceived, but it is the best possible. I doubt, he adds, if any other delegation could have done more. But, whilst paying this compliment, he refers to what he calls some danger points. In particular, he does not like the idea of repatriation being now called "re-emigration". The fear at the back of his mind is that, if it is re-emigration it may entitle the Union Government to send away Indians to far-away Fiji or British Guiana, where we would not like them to go. I may state before the House that at the Conference all that was contemplated by way of emigration was that, if the South-African-returned Indians wanted to emigrate after their return to India, they might be sent to those countries with which we have emigration arrangements, such as the Island of Ceylon and the Straits Settlements. If hereafter the Union Government contemplate or propose to send any of its Indian subjects to Fiji or British Guiana, they will not be able to do so without consulting the Government of India, and it will be for the Government of India to withhold their consent if they desire to do so.

Another fear which Mahatma Gandhi has expressed is in regard to matters of segregation. He thinks that the special steps under the Public Health Acts, etc., might lead to segregation. On the contrary, it will avoid segregation, and for this I may refer Mr. Gandhi to his able lieutenant, Mr. Andrews. He will convince him that, within the last few months, it was measures like this, namely, the co-operation of Indians with the authorities, recommended by Mr. Andrews himself that stamped out the epidemic of small-pox in Durban in far quicker time than it would otherwise have done. It was therefore we asked for the privilege of having advisory committees and which I know will be welcomed by our Indian friends in South Africa. These are the principal comments of Mahatma Gandhi. There was reference by some Members to-day, and I have also heard it said outside, that it is unfortunate that the delegation were not able to obtain either municipal or parliamentary franchise for Indians in South Africa. My answer to that criticism is, that enough is as good as a feast, and we dared not ask for more for fear of risking what we had secured. But at the same time, I do believe that in due course of time we shall obtain these privileges too.

Sir, the Honourable Dr. Malan, Minister of the Interior, observed that "it is the duty of every civilised Government to devise ways and means and to take all possible steps for the uplifting of every section of their permanent population to the full extent of their capacity and opportunities." Those Indians who desire to remain behind permanently are referred to in that sentence. This clearly shows that the authorities there assume the responsibility of uplifting our Indian friends in the Union Government and we hope that, when progress has been made in education as well as in other matters not only municipal but also parliamentary franchise will be extended to them. In fact, Dr. Malan's statement enunciates Cecil Rhode's axiom of "equal rights for all civilized people."

In addition to Mr. Gandhi I should also like to quote what Mr. Andrews thinks of the work done by the delegation. Whilst we were on our return voyage, he telegraphed to the *Indian Daily Mail* the following: (1) India's dignity is now unstintingly recognised, (2) her social status upheld, (3) a friendly atmosphere now regarded as normal and anti-Asiatic outbursts discredited, and (4) a determination has been reached to settle everything in future by Conference and not by force. These, Sir, are the criticisms of men who understand the question better than anyone else, and I think this might be taken as excellent testimonials from persons who are able to criticise.

It is true that trade licences are not given to Indians to-day as freely as in the past, and this is because the giving of a licence is in the hands of municipalities but even then the total of licences has not decreased. Competition is not so much with the Dutch or with the British South Africans as with members of the Jewish community who are evidently in a better position to influence Municipal Councillors. Our Indian friends told us that they can safely rely on getting justice in the matter of licences if only they were allowed to appeal to the highest tribunal. We have asked for such right of appeal and we expect that, when the licensing laws are next taken up for revision, the Union Government will pay heed to our request.

My friend the Honourable Mr. Ramadas Pantulu has made certain criticisms but has laid stress on two points. His first point is that before ratifying the agreement, Government should have consulted the Council and the Assembly. This is a matter to which I am sure the Honourable Leader will fully reply. His next point is that what is of primary importance is that the Indian settlers in South Africa will approve of what the Conference has done. I may be allowed to say that the South African Indian Congress held an emergency session before we reached that country and deputed three members from each of the three provinces to acquaint us with the situation and all their grievances. These gentlemen were in constant touch with us and rendered us great help. They of course did not know the result of the Conference, but they must have learnt the details in South Africa two days ago when the announcement was made in India on the 21st instant. Knowing the views of these representatives and understanding their requirements, I may assure Mr. Ramadas that what has been done is bound to prove acceptable to them. They did not want a set-back which has been secured and they will realise that there will be gradual progress hereafter.

Sir, much has been said in regard to the appointment of an Agent from the Government of India. I entirely agree that the success of the details

[Sir Phiroze Sethna.]

to be worked out and the continuance of better relations between the two countries will depend very largely on the selection to be made of that officer. He must be an officer who is a *persona grata* with the Indians, but also one who will command the respect of the Union Government, and in my opinion preference should be given to a suitable Indian for the position.

I may here quote a telegram which Mr. Andrews wired out to London some days before the Indian members of the Conference left Africa. "Thank God" (this appeared in one of the English papers) "Thank God a satisfactory result has been reached owing chiefly to Sir Muhammad's skilful leadership and Mr. Sastri's wonderful moral personality and spiritual vision." We certainly owe a great deal to the consummate tact of our Leader and the inclusion of Mr. Sastri added great weight to the delegation. But I would like to emphasise in this House as I did at a meeting in the Town Hall at Johannesburg when addressing our Indian friends that we must not forget the work done in collaboration with us all by our three European colleagues. They worked as devotedly and as hard in the Indian interests as did any single Indian member of the delegation. And the Indian community, both here and in South Africa, have every reason to be grateful to the Honourable Mr. Corbett, Sir Darcy Lindsay and Sir George Paddison for the devotion with which they discharged their duties on the mission on which they were sent out.

Mr. President, if any credit is due to the delegation as a whole, let me assure you that far greater credit is due to the Union Members of the Conference. They approached the subject not only in a spirit of conciliation, but what is more to the point, free from the bias and prejudice which prevailed in the country before the Round Table Conference was agreed to, and for this we are greatly indebted to them all. The ball was set rolling by the Prime Minister himself at a luncheon given by the British Indian Union in London to representatives from different countries to the Imperial Conference, and at which function one of our own colleagues, the Honourable the Maharaja of Burdwan, was also a distinguished guest. General Hertzog in replying to the toast of the guests made use of words which I am sure will not be out of place if I quote them to the House to-day. He observed:

"We have had our differences in the past—certainly not quarrels, but differences of considerable importance to India, to South Africa and also to the Empire. Well, so far as those differences are concerned, I feel convinced that with a better understanding of one another—of one another's requirements and outlook—and with the will to do that which should be done as between friends and as between nations who desire to stand over against one another as friends, we shall come to the conclusion that we are prepared to see one another's requirements, and, as far as possible, to meet them. I am prepared to say that we have no fear that these difficulties and problems will not be eventually settled to the satisfaction of the one as well as of the other."

This feeling was not confined to the Honourable the Prime Minister alone. The Honourable the Minister of the Interior, Dr. Malan, was most sympathetic. Of course it was not all a plain-sailing but, to give them their due, we must admit that they always considered our point of view sympathetically and arrived at the satisfactory conclusions that we reached. And for this not only are we obliged to the Prime Minister and to Dr. Malan, but to every individual Union delegate to the Conference. Sir, the atmosphere had so completely changed by the time of our return that I cannot do better than quote a telegram from its South African

correspondent to the *London Times* which was published in that paper a day before we left Cape Town. It reads as follows:

"The Conference has been a triumph for personal consultation. Relations between the delegates of the Indian and the Union Governments have been uniformly most cordial, and the Indian delegation leaves for India in a gratified frame of mind. The principle of direct dealing between the two Governments, thus found successful, may be developed beneficially in future."

Sir, just 4 or 5 days prior to the Indian delegation sailing from Bombay on the 24th November, General Hertzog, when receiving the Freedom of the City of London, was also presented by the Lord Mayor with President Kruger's wagon which was brought over to London by Lord Kitchener and presented to the then Lord Mayor as a trophy. General Hertzog in accepting the gift used these memorable words: "We have defeated the British by friendship". May we in our turn use his own words and say that India has defeated South Africa by friendship, and may we in the words of this motion hope that the friendship now formed will be a lasting one and that as a result of the Conference which history will record as the Hertzog-Habibullah agreement there will be beneficial results forthcoming now and hereafter. (Applause.)

THE HONOURABLE SARDAR CHARANJIT SINGH (Punjab: Nominated Non-Official): Sir, I should like to congratulate the Government of India on the satisfactory agreement which has been reached on the South African question—an agreement which I am glad to find has been reached in the words of Dr. Malan himself "in entire absence of a spirit of bargaining—that it has been a whole-hearted settlement and that no stigma of racial inferiority whatsoever is implied by it". The success which has crowned the efforts of the Indian delegation is in a large measure due to the far-sighted statesmanship of the Government of India and to the tact and sagacity of the members of the delegation, and in particular of its leader, who is no other than our Honourable friend Sir Muhammad Habibullah.

I am sure the discontent which was fanned to a flame by this vexed question has now been buried for ever, and I earnestly hope that this honourable and friendly settlement will prove a solid foundation for a lasting friendship and good-will between the two great nations concerned.

In this connection I should like to say that our thanks are also due to Mr. Bhore for his share in the achievement of this result.

THE HONOURABLE SARDAR SHIVDEV SINGH OBEROI (Punjab: Sikh): Sir, though I desire very much to join in this chorus, as my Honourable friend Sir Umar Hayat Khan said, I see my lot having fallen last, I cannot find any points which have not been dealt with by the previous speakers. I would like to be very modest and very brief in my appreciation of the settlement which has been made between the Indian Government and the Union Government through the fruitful endeavours of the Indian delegation. After hearing the statement which was read out by the Honourable the Leader of the House, I took the annexure thereto with me. I wanted to read it, to think it over, and find out its good points and its shortcomings. I read it once and then left it and then took the *Hindustan Times* to read its comment on it. I found there a quotation from Mahatma Gandhi, the bitterest critic, though the sincerest of our Government, in which he said that the settlement made was an honourable one. After that, I ceased to work my brain any more on the point, because I thought that when a gentleman, who has the subject of South Africa at heart, and who is the best authority on the subject, and who

1 [Sardar Shivdev Singh Oberoi.]

is the greatest critic, as I have said, of our present-day Government has said so, there was nothing for me to do but to come to the conclusion that the settlement which had been reached was really worthy of appreciation. We must congratulate the Honourable Members of this House because not less than three Honourable Members of this House were on the Indian delegation which has rendered so much service to the country. Before this matter was brought before this House I happened to meet Sir Muhammad Habibullah at his house, and he told me that he had been successful not only in getting a settlement made on favourable terms to Indians, but he had also been successful in forming cordial and friendly relations with the members of the Union Government, and he was confident that the relations which had been so successfully formed would encourage him to win more points for the benefit of Indians in the future. This is a matter of real gratification to us to hear from the Leader of that delegation. Although all the Viceroy's since Lord Hardinge have taken vigorous steps to voice Indian aspirations, yet it has fallen to the fortunate and happy lot of His Excellency Lord Irwin that this settlement has been arrived at between the two Governments in the first year of his Viceroyalty; and we think it a very happy augury for his regime.

As regards the remarks of my friend, Mr. Ramadas Pantulu, that the political rights of franchise have not been given, I think there is nothing to fear because I feel that the way has been paved and the time will come when those ambitions of the Indians in South Africa will be fulfilled in course of time.

I would like to mention one point, Sir, about this 'Round Table Conference'. A Round Table Conference has achieved so much for the Indians under a foreign Government. I think that differences of opinion between two Governments or between the people and the Government can be settled much better by means of a Round Table Conference than by other means; and I would pray that there may be more Round Table Conferences to settle differences. I would also suggest that the ambitions and aspirations of the Indian people to get their political rights may also be settled by a Round Table Conference, and with these few remarks I heartily join in supporting the motion.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (North West Frontier Province: Nominated Non-Official): Sir it was announced in April last that the Union Government of South Africa had agreed to hold a Round Table Conference with a view to consider all possible methods of settling the Indian question in a manner which would safeguard the interests of Indians in South Africa. The Union Government had also agreed to receive a deputation from India to participate in the deliberations of the said Round Table Conference to be held at Capetown in December 1926. Since the commencement of the Conference which has lasted till the 12th January 1927, every hope had been entertained of an amicable compromise in the matter and much anxiety has been felt by the general public as to the result of the said Conference. It is a matter of great relief to those anxious about the conclusions arrived at the Conference that the Government of India have been pleased to announce the settlement thus reached by the strenuous efforts of the deputation from India. It appears from the conclusions arrived at the Round Table Conference that

there has been a full and frank exchange of views in the matter, resulting in a true appreciation of mutual difficulties and a desire to co-operate in the solution of the problem in a spirit of friendliness and good-will. The Honourable Sir Muhammad Habibullah, under whose leadership the deputation sent by the Government of India had the good fortune to make a representation of their views in the matter, is to be highly congratulated upon having secured a settlement that appears honourable to both the parties. He might have had to confront difficulties in arriving at a settlement which according to some is not the best that could be conceived but in fact the best that was possible; the settlement itself provides abundant proof of the endeavours and interest displayed by the deputation in this behalf, and I have every reason to believe that their endeavours in securing such a settlement will not go unappreciated by those concerned in the betterment of Indians in South Africa. Although I am not in a position to predict what may follow later on, yet from the statement made by the Honourable the Leader of the House and by conversing for a short time at Peshawar with the members of the South African deputation, I had sufficient reasons to believe that the members of the Indian deputation would exert their utmost to convince the Union Government of the necessity of acceding to the settlement now reached. I am glad to say that a settlement has been made as I anticipated it. Now that friendly relations have been established between the Government of India and the Union Government of South Africa, it is hoped that some of the unsolved problems will be dealt with in future satisfactorily. It is greatly to the credit of the deputation led by the Honourable the Leader of the House that it has succeeded in making the Union Government postpone consideration of that most objectionable measure called the Class Areas Bill for the next three years. Gradual concessions are more durable than those acquired hastily. My own Pushtoo proverb says in this respect:

" Eating little lasts for one's life-time, but to swallow too much is always poisonous."

With these words I strongly support the motion brought forward by our Grand Old Man, Sir Dinshaw Wacha.

THE HONOURABLE RAJA SIR RAMPAL SINGH (United Provinces Central: Non-Muhammadan): Sir, I join with my Honourable friends in offering my congratulations to the Honourable Sir Muhammad Habibullah and his colleagues on the successful settlement of the South African question which was agitating the public mind for a long time past. It was a vexed and complicated question, and at one time it seemed to be beyond solution, but the firmness and determination of the Government of India to protect Indian interests, coupled with the perseverance, tactfulness and conciliatoriness that they brought to bear upon bringing about this agreement should be cordially approved by this House. The terms of the agreement themselves are a distinct gain to the Indian people residing in South Africa; but I value more the bright prospect of future amity and good understanding and better relations between the two countries. It has potentialities of bearing fruit in the shape of bringing about that equality in status and freedom that India very much claims, and will leave no stone unturned to obtain. Let us hope that the details will be worked out by the Union Government, in consultation with the Government of India, in the same spirit which prevailed at the time of the Round Table Conference, and that no

[Raja Sir Rampal Singh.]

one-sided interpretation will be allowed to mar or impede the friendship or rather the future progress of friendship that has been established. With these words, Sir, I cordially support the motion that has been moved by my Honourable friend, Sir Dinshaw Wacha.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, as one of the oldest Members of this Council and as one who had participated before in many discussions on the South African question, I would not like to give my silent vote on this occasion. Sir, I join in the chorus of congratulations which have been extended to the Habibullah delegation. There is no doubt, as Sir Phiroze Sethna has pointed out, that South Africa has been defeated by friendship, and I hope this friendship which has now been formed, and whereby suspicion and prejudice have already been dissipated, will develop into a state of amity which will be of an enduring character for the benefit of both India and South Africa.

Sir, in this settlement I do not look only to the agreement which has been arrived at. The agreement does contain results of a great achievement, but the significance of this agreement contained not in what it actually embodies, but in the possibilities and potentialities it opens out and we hope that friendship and trust will, in future, develop to the extent of settling many other important points of differences and obtaining for Indians both the political and municipal franchise and other concessions in South Africa.

There is one point which my friend Mr. Ramadas Pantulu made as regards Government not having given an opportunity to the Indian Legislature for discussing this agreement before the ratification had taken place. I have not the slightest doubt that the Honourable the Leader of this House will explain the official point of view, but I congratulate the Government on not having allowed discussion on this matter from a non-official point of view. If this matter had been discussed before the agreement had been ratified, perhaps, in some quarters, it might have led to some ill-informed and acrimonious controversy over what further ought to have been achieved and a discussion of such matters would have taken place with the result that it would have embarrassed the Indian Government as well as the South African Government. There are certain people who may not be quite satisfied with the concessions obtained. They may not be enthusiastic over the achievement of the Habibullah Delegation, but if good feelings are maintained between the two Governments, and if our relations of amity are continued, we fully expect in the fulness of time to obliterate altogether those unhappy days of controversy in the past, and in future we can always look forward to harmonious working with the Union Government and watch over the rights, privileges and claims of our Indian friends in South Africa.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, I rise to join the chorus of congratulations to the Honourable Sir Habibullah who led the Indian deputation to South Africa so successfully and to support the Mover of the motion. I feel an immense pride that this signal honour of leading the deputation has so aptly fallen on the most honoured Member of our House. The splendid statement that we have heard from his lips and others bear ample evidence of his superior tact

and diplomacy, which we have learned to associate with all his undertakings. Sir, I am also aware of the extremely delicate and difficult task that he along with his other honourable colleagues had to undertake and the greater is his glory that he has accomplished it with such remarkable success. As a Muslim representative coming from West Bengal, I feel it my duty to express my heartiest congratulations on his successful conclusion of a very important and delicate undertaking with such marked success. This indeed will be a landmark in the history of our country where an Indian had led the deputation to a foreign Government which had till now defied even the political sagacity of the late Mr. Gokhale. Need I assure my Honourable friend Sir Habibullah that not only this House, but the entire country, will feel deeply grateful to him for having brought the delicate and ever present problem of Indians in South Africa to a successful termination. With these few remarks I resume my seat.

THE HONOURABLE NAWAB SAHIBZADA SAIYAD MOHAMAD MEHR SHAH (East and West Punjab: Muhammadan): Mr. President, I rise to offer to Sir Muhammad Habibullah and his colleagues my hearty congratulations on behalf of the whole of the Muhammadans of the Punjab, and more especially on behalf of the Landholders whom I have the honour to represent here.

The troubles that had faced Indians in South Africa and the unjust treatment which was feared would be meted out to them had proved to be a source of great anxiety to all the inhabitants of India irrespective of caste or creed. The complications involved in the affair were so disheartening that the solution of this question looked almost impossible.

The settlement of this great problem in so befitting a manner is due first of all to the sincere help given by the Government of India and, secondly, to the great ability and skill with which the deputation dealt with it.

Moreover, it is a matter of special pride to us that one of those who helped to solve this question was an Indian worthy of great respect and another the Leader of this House.

There is no doubt whatever that the success attending this undertaking has so increased Sir Muhammad Habibullah's old popularity that India's present and coming generations will always look upon him with great respect.

Once more, Sir, with sincere and great regard, I offer my congratulations to Sir Muhammad Habibullah, and I earnestly pray that this settlement may for ever preserve the rights of the South African Indians and may be instrumental in promoting friendly relations with the other nations.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (Education, Health and Lands Member): Sir, while making a statement on behalf of the Government of India the other day in this House, I had expressed my embarrassment in having to give expression to the appreciation of my Government to the work of this delegation, and I had hoped that Honourable Members who had listened to that statement from me would acquit me of any sense of vainglory or immodesty and recognise that in making the remarks that fell from me I was acting merely as the spokesman of the Government of India. My

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embarrassment to-day is far greater as I am sitting here listening to the encomiums that have been so gracefully lavished upon me and the members of my delegation for our work in South Africa.

Speaking for myself, Sir, I cannot resist the temptation on this occasion to frankly admit that, whatever my capacity, my tact, my skill or my statesmanship might have been, the work that has really been achieved would have been impossible, nay unthinkable, if I had not the loyal, the zealous and the enthusiastic co-operation of my colleagues on the delegation. We worked together as a team, and may I honestly confess that our team work was exemplary. Every one of the members contributed his best, and I take this opportunity of acknowledging with the greatest gratitude the help, the assistance and the co-operation which I received from them.

My task to-day, Sir, has been considerably minimised on account of the contributions which have been made to the discussion by most of the Honourable Members who have examined carefully and minutely the terms of the agreement which was laid on the table of the House the other day. I do not at all, Sir, on behalf of the delegation lay any claim to what has been actually accomplished, but I do say and say with emphasis that what we have accomplished is really the potential good which has yet to come. Every one of us knows the interest which Mr. Gandhi has been evincing in the condition of Indians in South Africa. I believe I am right in saying that there is no living authority greater than him on this question, and I think I cannot do better than quote one very significant sentence from the article which he is contributing to his newspaper *Young India*, an advance copy of which has been supplied to us through the kindness of the Associated Press. He says:

"What has been accomplished is an almost sudden transformation of the atmosphere in South Africa from one of remorseless hostility towards Indians to that of a generous toleration and from complete social ostracism to that of an admission of Indians to social functions."

What is that change of attitude due to? It is indeed due to the change of atmosphere in South Africa. And what does that change of atmosphere in South Africa really connote? It connotes that there has been a change of heart, and once we have secured a change of heart, may we not confidently hope that the problems in South Africa will go on solving themselves in future until the Indian shall have received that treatment which he is rightly entitled to? Well, there have been certain circumstances which contributed to the happy result which the delegation was in a position to secure. I have already in my statement to this House brought to its prominent attention one significant circumstance, namely, the good work, the noble work, that was done by the Paddison Deputation in South Africa. But I should not at the same time forget to give prominence to those factors which enabled the Paddison Deputation to achieve the remarkable result which they did. Honourable Members will remember that about this time last year feelings in India had been roused almost to boiling point. Expressions of opinion were forthcoming from every quarter as regards the action that should be taken by the Indian Government for the purpose of ameliorating the conditions of the Indians in South Africa.

Various suggestions were being made from time to time as to what should be done. It was at a time when the atmosphere was so much disturbed that Lord Reading, with his usual sagacity, foresight and statesmanship, summoned unto himself a conference of the leaders representing various parties and expressed to them the hope that, as very delicate negotiations were proceeding at that time between the Government of India and the Union Government of South Africa and the Paddison Deputation was doing its utmost to bring about the best results possible, that they should restrain themselves from indulging in any criticisms which would only tend towards the further disturbance of that atmosphere. Thanks indeed to the wisdom of those leaders there was a lull and a calm. Not only to the leaders, but our thanks are no less due to the public press and to Indians as a whole for the restraint which they exercised over themselves. This, I may assure the House, had a marvellous influence on the South African mind and induced them to listen to the representations which were made to them by the Paddison Deputation which resulted in the suspension of the Class Areas Bill which was then on the tapis of the Legislative House of the Union. We shall not therefore forget our gratitude to the leaders, to the public press, and to the people of India, who in their turn contributed to the creation and the maintenance of the calm atmosphere which virtually led to these happy results. I think I may in the same breath pay a handsome tribute to the wisdom, sagacity and statesmanship of the Ministers in South Africa. From the moment that we met them, the feeling dawned upon our minds that they, like ourselves, were quite willing to enter into the Round Table Conference with an open mind, that they were as anxious as ourselves to explore all possible means of solving a problem which for decades past had been agitating both the South African and the Indian mind, and that they would extend their help to us in the solution of this problem to the best of their ability. Fortified therefore with that conviction, we entered the Round Table Conference in a spirit of optimism, and I am glad to assure the House that throughout the proceedings the same feelings of good-will and the same feelings of cordiality prevailed. We cannot therefore be sufficiently thankful to them for all that they did at the Round Table Conference. I cannot on this occasion omit to mention two very significant names—names which must figure in the future history of the relations between India and South Africa as towering personalities. I refer to my friends General Hertzog and Dr. Malan. General Hertzog as Prime Minister, possessed supreme power either to accept or reject these proposals. His charm of manners, his sincerity of purpose, his broad-mindedness, his earnestness to view Indian questions from the standpoint of establishing permanent and lasting friendship between his country and India were no mean asset in the achievement of our object. Of Dr. Malan I cannot speak in sufficient terms of praise. I was told that he had a varied career during his lifetime. It would seem that

1 P.M. he began life as a clergyman, took to journalism and is now a Minister, and I think the least compliment that I can pay him is that he combines in himself the godliness of a clergyman, the acute intellect of a journalist and the diplomacy of a Minister. He was of the greatest help to us and I must acknowledge it most gratefully indeed. One other circumstance which I ought not to omit to mention is the hospitality which was extended to our delegation by the Union Government. From the moment we landed in South Africa until the moment we left the

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shores of Delagoa Bay we were the guests of the Union Government. Their large-hearted hospitality towards us is beyond description. The care and attention which they paid to our comforts and the great solicitude which they displayed towards us during our stay stagger description. They had detailed special officers to look after our comforts and conveniences. These, like our guardian angels, made us feel that we were really at home. This was not merely a token of hospitality which one extends to another, but there was a deeper significance behind it—it was an earnest of their good-will and friendliness, and I think that as leader of the delegation, I must offer my grateful thanks to the Union Government for their splendid hospitality.

A few—I shall not call them criticisms in the sense of the word—but a few observations have been made by some of the Honourable Members. While I attach great significance to the fact that my friend the Honourable Mr. Ramadas Pantulu, who is the accredited leader of the Swaraj Party, has also joined in the chorus of congratulations that were being showered upon the members of the delegation, he has made a few remarks in regard to the procedure adopted by us on the results of the Conference. He complained that in a sense the cart was put before the horse, in that the Government of India ratified the agreement and then allowed this House to discuss it. I do not pretend to be an authority on constitutional law, nor is my antiquated knowledge of law so good as to enable me to indulge in a discussion of that very difficult question. But to my mind it seems palpably correct to say that the function of ratifying treaties and agreements rests with the Executive and not with the Legislature. I think I may take shelter, if I may, in what happens in the Mother of Parliaments. I have yet to know of a single treaty or agreement which Great Britain might have entered into and which prior to ratification was placed before Parliament for such purpose. I know Parliament is allowed an opportunity to discuss, but I maintain that the function of ratification rests with the Executive Government. There was, therefore, no lack of respect for this House on the part of the Government of India when they ratified this agreement and allowed the House to discuss it. But furthermore, even the Union Government of South Africa, which of course is a democratic country and is a self-governing colony, did not adopt the procedure that has been suggested by my Honourable friend Mr. Ramadas Pantulu by placing this agreement before its Parliament and then announcing it to the country. On the other hand, if Honourable Members followed the statement which I made the other day, I made it distinctly clear that the Union Government had informed us that they had ratified the settlement that had been tentatively reached between the two delegations and that they were going to announce it to their Parliament on the 21st; that I was anxious therefore that a simultaneous announcement should take place here and begged the leave of the Chair to announce it on the same day. From the accounts that have appeared in the public press one would also have noticed the fact that Dr. Malan made the statement that he promised he would on the 21st in his Parliament and conveyed the information that their Government had ratified it already. I think I am not so pessimistic as my Honourable friend Sir Maneckji Dadabhoy in regard to the possibilities which might have ensued if this tentative agreement had been placed before the Council before the Government of India had ratified it. I am a stout optimist myself. I do not anticipate that this

House would have rejected the agreement if I had placed it before it at that stage, nor do I expect that there would have been anything like a ceremonious discussion over the settlement. I feel that the agreement would have received the same chorus of praise which it has done to-day. But for the reasons already explained by me the Government of India were justified in adopting the only correct procedure which they should have done in the circumstances, and I hope Mr. Ramadas Pantulu will take it from me that in this case they have not deviated from the usual procedure. It was only to be expected that Mr. Ramadas Pantulu should have raised the issue in regard to the non-conferment—shall I say—of political and municipal rights to Indians. One or two Honourable Members have relieved me of the task of answering him on that point. I will only add that when good feelings between the two communities grow the grant of political rights would adjust itself to the prevailing conditions. It would not therefore have been prudence or wisdom on the part of the delegation to have put that item in the forefront of their demands; but the delegation have secured from the Union Government what might be regarded as a prelude to such possibilities. They have secured from them the right on behalf of the Indians that committees of Indians should be associated with local bodies for discussion of questions in which the Indians are interested and when this method of consultation and of identifying the Indians with their own interests and of bringing them into contact with the members of local boards is established, let us hope that what Mr. Ramadas Pantulu has in view may be secured in process of time.

He was rather anxious as regards the light in which the Indians in South Africa would have received this announcement, and he was feeling therefore a bit nervous as to whether he should give his blessings to this agreement in anticipation of a knowledge of such views. Thanks to the information which we have got from Reuter this morning, we have been assured that all shades of opinion in the Cape Province applaud the Indian agreement. So any misgivings on that point might also be made to rest.

I think, Sir, before I close I should not fail to mention the noble, unselfish and humanitarian services rendered by that godly person and true Christian, namely, Mr. Charlie Andrews. He was practically the link between the delegation and the Indian community in South Africa. He was in daily touch with myself and with my colleagues and was responsible for a great deal of information which the delegation was able to secure from the Indians in South Africa. His services cannot be ignored in connection with this settlement.

To conclude, Sir, I shall borrow with your permission a simile. We, the members of the delegation might well be compared to a body of medical practitioners; we were summoned to South Africa to examine a patient whose condition had been pronounced to be critical who was suffering from a chronic disease. We went there and we examined the patient, diagnosed the disease and applied effective remedies. We have now returned with the satisfaction that the patient has turned the corner. That does not mean that he should not be looked after in future; that does not mean that the need for further nursing or treatment has disappeared. He will continue to be nursed; he will continue to be treated; and he will continue to be looked after, and we are hoping that from day to day he will make progress until he is himself again.

THE HONOURABLE THE PRESIDENT: The question is that the following motion be adopted:

"This Council begs to convey to His Excellency the Governor General in Council its appreciation of the results achieved by the Government of India delegation to the recent Round Table Conference on the Indian question in South Africa, and expresses the hope that the direct relations that have now been established may eventuate in lasting amity between India and South Africa by the satisfactory settlement of any questions that might still require adjustment."

The motion was adopted.

The Council then adjourned till Eleven of the Clock on Thursday, the 24th February, 1927.

COUNCIL OF STATE

Thursday, 24th February, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

THE HONOURABLE THE PRESIDENT: I have to inform the House that the Honourable Members in whose names Resolutions Nos. 1, 2 and 4 stand in to-day's list of business have informed me that for various reasons they are not moving those Resolutions to-day. The only business therefore before the House is Resolution No. 3.

Mr. Ramadas Pantulu.

RESOLUTION *RE* REDUCTION OF AGRICULTURAL INDEBTEDNESS.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadian): Sir, I beg to move the following Resolution which stands in my name:

"This Council recommends to the Governor General in Council to adopt measures for the reduction of agricultural indebtedness in India and to establish Land Mortgage Banks to provide agriculturists with long term, easy and productive credit."

Sir, the aim of this Resolution is to draw pointed attention to the low economic condition of the agriculturists in this country and to urge upon the Government and my Honourable colleagues here the imperative necessity of improving the efficiency of the agriculturist. 73 per cent. of our population live in villages and depend for their sustenance upon agricultural incomes. So any attempt to uplift this country cannot succeed unless and until the condition of the vast agricultural population of this country is improved. At present the ryot is actually weighed down and is groaning under the heavy burden he carries on his shoulders, the heavy loads of agricultural indebtedness and traditional illiteracy. The consequence is that the rural population now lives in an atmosphere of utter depression. The poverty of the Indian ryot is proverbial. This poverty with its concomitants is eating into the vitals of the rural body economic. Unless its ruinous course is arrested, Sir, I am painfully conscious that it is bound to lead to economic paralysis, if not to economic death. The causes of this poverty are many and varied. They are actually working in a vicious circle. They can be summed up in one word, namely, chronic poverty leads to low agricultural production and low agricultural production in its turn leads to poverty. This low agricultural production conveys with it three important significations. First of all it means that the quantity of produce raised by the people in this country per head of population is considerably less than what is required for the economic needs of the people. It is

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well known that a vast majority of the people of this country are underfed and are ill-clothed; many of them go without a full meal a day and many more without two meals. The *second* significance of low production is that the unit of produce obtained from land in India is less than the unit of produce got from an equal area of land in other countries. I have been looking at some very interesting agricultural statistics collected in the International Year Book of Agricultural Statistics for 1909 to 1921, and a perusal of those figures has disclosed some startling facts. Take for instance the two staple crops, wheat and rice, and the two commercial crops, oil seeds and cotton. What I find from those figures is that the unit in the case of wheat is 23·8 in the United Kingdom, 16·5 in France, 17·1 in Egypt, while it is so low as 6·5 in India. Then in the case of rice, as against 19·6 in the United States of America and 27·2 in Egypt, India's figure is only 15·7. With regard to oilseeds, as against 4·4 in the United States and 8·7 in Egypt, our unit is 3. Our figure for cotton is 1·1, as against 2·7 in Egypt and 1·4 in the United States. With nearly half the acreage of the world under sugarcane, India produces about one-fifth of the cane sugar of the world. I believe it was Sir Visvesvraya Aiyer who drew pointed attention to the fact that Japan with a population of 56 millions is able to give them sustenance with a cultivated area of 17 million acres, while in British India a population of 200 millions is hardly sustained on a cultivated area of about 220 million acres. The *third* significance of this low agricultural production is the low quality of the products and the consequent disadvantage which Indian products suffer in the world's markets in comparison with the products of other countries. Indian products not only fetch a low price, but as they are inferior in quality they are being literally driven out of the markets. So that even in this field of hereditary occupation in India the competition of the more advanced countries is telling very injuriously.

This poverty has been the subject of investigation by the Government of India and Local Governments on various occasions, but so far as I know no organized attempt has been made to consider the question with respect to India as a whole, and I am unable to find any reliable figures which will show the exact amount of indebtedness or the causes of and remedies for indebtedness. It is generally computed, Sir, that the agricultural indebtedness in India at present is about 600 crores, and in my province some investigations were made which disclosed the fact that the agricultural debt in Madras is somewhere between 90 and 100 crores. The question was considered at some length by the Commission appointed to investigate into the causes of the agrarian riots which occurred in the Deccan in 1875, and the findings of that Committee would seem to me to be of very real value even now, because Sir Frederick Nicholson, who investigated the causes of poverty in my province, has pointed out that the findings of the Commission are of general applicability in spite of the fact that the inquiries of the Committee were confined only to a small restricted area. Sir Frederick Nicholson summarized the findings of the Committee as to the causes of agricultural indebtedness thus. The causes were:

First, poverty with unproductive soil, precarious climate, and irregularity of income;

Second, ignorance and improvidence;

Third, extravagance;

Fourth, ancestral debt;

Fifth, expansion of credit;

Sixth, increase of population without corresponding increase of return;

Seventh, facilities for borrowing owing to influence of moneylenders;

~~Eighth~~, the limitation laws, as leading to renewals on unsurious terms including compound interest;

Ninth, revenue system of a fixed demand.

If we examine the conditions of other provinces, perhaps it will be found that all these causes are operative in varying degrees. Some of the causes will be more predominant in one province, others in other provinces. The excessive fragmentation of holdings which has led to the uneconomic character of the holdings and some other factors were not mentioned in the findings of the Commission; but they can be brought perhaps under one or other of the heads summarized by Sir Frederick Nicholson. But I think the findings of the Committee have omitted to mention a very potent cause which appears to have contributed very largely to the increase of indebtedness: it is the destruction of cottage industries and the consequent loss of income to the ryot by a subsidiary occupation in times of off-season.

Then with regard to the question whether the indebtedness is increasing or decreasing, I think there is general agreement on the question that this indebtedness is increasing and not decreasing. I shall quote one very good authority, Sir Edward Maclagan, to whom we are all indebted for a brief but illuminating conspectus of the situation as it stood in 1911. He observed as follows:

"It has long been recognized that indebtedness is no new thing in India. The writings of Munro, Elphinstone and others make it clear that there was much debt even at the beginning of our rule. But it is also acknowledged that the indebtedness has risen considerably during our rule and more especially during the last half a century. The reports received from time to time and the evidence of annual sale and mortgage data show clearly that there has been a very considerable increase of debt during the last half a century."

Before I proceed, Sir, to suggest the ways and means for reducing this debt, let me guard myself against a possible misapprehension. I must not be understood as stating that indebtedness is in itself an alarming feature. Indebtedness, when productive, is really helpful. A productive debt is as helpful to an agriculturist as capital advanced to an industrialist. Therefore such portion of a debt as is really productive is not a cause for any anxiety. Secondly, let me also make it clear that I am not denying that the agricultural population of this country have had their share of the benefits which have accrued to the country at large by the improvement of communications, by vast irrigation schemes, by the opening of trade, by the maintenance of law and order and such other facilities, which have developed in the last fifty years. Indeed it has been asked very often why indebtedness has not decreased in spite of all this prosperity. One probable answer perhaps is that the indebtedness has not decreased, and is there, *not in spite of* these things but *because of* these things. These factors have contributed to impart an enhanced value to the land as well as to agricultural products. And the system of land settlement and record of rights has invested individual ownership with an authoritative estimate of value, and therefore the land has become a very coveted security and it has enhanced the borrowing power of the ryot. So debt is perhaps increasing on account

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of the facilities which these factors have contributed to the borrowing capacity of the ryot. But the tragedy of the situation is that these facilities are not used by the ryot to improve his economic condition; on the other hand, he is faced with difficulties which have led to the increase of unproductive debt. The consequence is that to-day he is in a very low state of economic efficiency and is unable to produce enough for the people of this country.

Sir, the next question is, assuming that there is all this indebtedness, how is the Government interested, how is the Government bound, to look into this matter? Is it not a matter between creditor and debtors? Why should Government be asked to reduce this debt? To my mind the answer is very simple. The low economic efficiency of the ryot will lead to a deterioration of the soil and impair the productivity of the land. Land is a national asset, and the State is bound to preserve it in an efficient condition and in an economic state for the benefit of future generations. The State also derives most of its income from the land. Therefore, these considerations ought to be sufficient to induce the State to see that the economic condition of the ryot, which is the cause of his poverty and low efficiency, is improved. Sir Edward Maclagan has given other very good reasons for the State being interested or being under an obligation to reduce the agricultural indebtedness of the country. He says:

"It is necessary for the Government, not only in the interests of the people but also in its own interests, to see that the evil does not spread too far and that its consequences are mitigated as much as possible. It must in the first place be remembered that if a large body of people is oppressed by a load of debt, they must necessarily become dispirited and discontented not only with the load of the debt itself, but also with the classes to whom debt is owing and with the agencies to whom the severity of the debt is attributed. It is further impossible for the Government to view with equanimity any large increase in wasteful and unnecessary expenditure by which the balance at the disposal of the peasant for improving agriculture is seriously reduced. There are also certain consequences of indebtedness such as mortgage or sale of land which lead directly to class discontent and occasions will arise when the intervention of Government is necessary to prevent the growth of a large body of discontented agriculturists who have lost possession of their ancestral properties."

He proceeded to illustrate these dangers thus:

"The Sonthal rebellion of 1855 was due to an outburst of the peasant debtors against their creditors and there was a good deal of the same sort of thing in the United Provinces during the course of the Mutiny in 1857. The same cause was the origin of the Deccan riots of 1875 and of the riots at Ajmer in 1891. It was therefore held by many competent authorities that the constant transfer of lands from the peasants to the creditor class entailed a political danger and that the Government could not afford to wait till the danger came to a crisis."

Therefore, it is the interest and the duty of the State to see that the indebtedness does not grow to alarming proportions.

The next question is, what has the Government done and what do the people want Government to do? Various remedies have been adopted by the people and the Government have also tried several methods of reducing indebtedness. Broadly speaking these remedies can be grouped under five heads. *Firstly*, removing from the peasant, as far as possible, all causes for uneconomic borrowings and inducing him to confine his wants as far as possible to legitimate objects. *Secondly*, adoption of measures to ensure for the peasant fair treatment in the determination and recovery of debts claimed against him by the improvement of the provisions of processual and contractual laws. *Thirdly*, adoption of measures calculated to prevent the

peasant from experiencing the more serious consequences of indebtedness, such as the loss of land or the permanent impairment of capital by restricting the power of alienation over the land. *Fourthly*, relieving pressure on the land by promoting schemes for the reclamation of fresh land and creation of subsidiary occupations; and *fifthly*, devising means by which the peasant may obtain such money as he really wants for economic objects on easier terms than are now available and with less disastrous results; in other words, measures undertaken with the object of providing and maintaining credit or redeeming debt.

I shall confine myself to the last of these remedies and say nothing about the others which are all in operation in some degree. It is perhaps not so well known as it ought to be that agriculture like every other industry requires capital and credit for its being carried on. Mr. Wolff puts it very well when he says:

“Under pressure of advancing times agriculture has long since become from the easy self-rewarding occupation which it is understood to have once been, a business of money and enterprise like all other business, having the same tasks set to it but not the same means at its disposal wherewith to accomplish the task.”

So credit is indispensable. But where does it come from? It usually comes from moneylenders and other sources which do not pay any attention to the purposes for which the agriculturist borrows money or the purposes upon which he spends it. Moreover, the doors of agencies like joint stock banks and other institutions which are expected to lend money on easy terms are practically closed to the agriculturist and the landholder for causes which it is not necessary for me here to enter into. Rural credit has several complications with which I have no time to deal. But it is of two varieties as all of you know—what is called short-term credit and what is called long-term credit. Short-term credit is an advance made to the agriculturist for carrying on his profession for purchasing seeds, fertilisers, for the cost of repairs, payment of *kist* and so on, which are recurring needs. Long-term credit is intended not only for lifting his old debts, but also for the purpose of making permanent improvements to land by sinking wells and so on, or by turning uneconomic holdings into more profitable economic ones by executing costly repairs, purchasing lands and so on. It has been the practice with the State in India from ancient times to advance money for both these kinds of needs, and the British Government have accepted in theory this responsibility and have been advancing monies under two legal enactments, namely, the Agricultural Loans Act of 1883 and the Land Improvement Loans Act of 1884. But the money advanced is not claimed by anybody to be sufficient or adequate. In recent times the organisation of co-operative credit societies has added another source of supplying short-term credit to the agriculturist. But the fringe of the problem of long-term credit has not yet been touched. There are certain peculiarities with regard to long-term credit which deserves special mention. The *first* feature of it is that this credit ought to be under a system of controlled borrowing wherein the purposes for which the loan and the manner in which it is spent are controlled by the creditor. *Secondly*, we should advance a sufficiently large sum of money to the agriculturist to enable him not only to lift his old debt but also to leave a sufficient surplus in his hands to effect permanent improvements to the land so that it may yield an increased return out of which he can pay back the loan. *Thirdly*, the money should be recovered in such a manner that it does not compel the debtor to borrow from other sources or to sell his land for paying back the money;

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in other words, it must be recovered from the margin of profit of his holdings in small dribblets spread over a long period of time. From this it follows that few individuals and few joint stock banks who hold their funds at call can afford to tie up their capital and take it back in dribblets as it is refunded bit by bit out of the earnings or savings from the soil during a long series of years. Therefore, a very special type of institutions has got to be improvised to satisfy the needs of the agriculturist. This type of institutions is called land credit associations or land mortgage banks. I have no time to go into the features of these banks. Various schemes have been propounded as to the most suitable forms of land mortgage banks for India.

The common feature of them all is that money is raised by floating debentures on the security of mortgages executed by ultimate borrowers to whom money is lent to the extent of 50 to 75 per cent. of the value of their holdings, and debenture holders hold as security a floating charge upon the mortgages. That is the general feature of it; but in various provinces various schemes have been set on foot which differ widely from each other. But which ever of these schemes may be adopted, I am of opinion that these land banks cannot be effectively started without some kind of State aid. I am not asking Government to lend any appreciable amount of money to these banks—it is unnecessary. There is enough money in the country forthcoming for the purpose, but only the State must give its initiative and aid in some form or another. The forms in which the State may usefully aid were stated by me to the Royal Commission on Agriculture before whom I gave evidence and I shall merely enumerate them here :

“(1) The State should contribute to the cost of inspecting and valuating land and assessing the credit of borrowers. (That is the most important function of a land mortgage bank).

(2) The interest on the debentures should be guaranteed by the State till they become popular in the market.

(3) The State should also invest in the mortgage banks monies lying in deposit with it at little or no interest.

(4) The Trust Act should be so amended as to permit the investment of trust funds in debentures of land mortgage banks.

(5) The right of summary recovery and other statutory facilities, under proper safeguards, should be given to these banks.”

I am glad to acknowledge that the Royal Commission on Agriculture is devoting attention to this question of land mortgage banks and the noble Marquis who presides over it has been taking a great deal of trouble to ascertain the way in which these institutions where they exist are working and the manner of improving them. I am hopeful that they will give a definite lead to this country by making some practical suggestions in their report when it is published, and that it will prove a real boon to the agriculturists. I have detained the House long, but I know that you will pardon me for being on my legs so long, because I am pleading the cause of the agriculturist which is so dear to you all. It is but bare truth to assert that what promotes agriculture benefits mankind, and that the progress of agriculture and the progress of civilisation go hand in hand. With these words I commend the Resolution to the acceptance of the Council.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab : Nominated Non-Official): The reason why I hasten to get on my legs is

that whenever any question like this which affects the welfare of the zamindars has come before the House I have never lagged behind in supporting it. The House knows that extremes meet and though generally my Honourable friend the Mover and I do not see eye to eye this thing today brings him nearer to my heart. The Agricultural Commission who are here cannot do anything to help us if this Resolution was not adopted. I will be amazed to see if any Indian or any man connected with India or any public servant who eats the salt of India were to get up and oppose this Resolution. About 90 to 95 per cent of the population is suffering from indebtedness and they ought to be thankful to our friend the Honourable Mr. Ramadas Pantulu for the Resolution that he has brought in to-day. I not only give him my wholehearted support, but I think the only solution to uplift India lies in this Resolution and I do hope that that great statesman whom we have been praising yesterday with all our emphasis will rise to the occasion and say that the Government Benches are on our side to-day and adopt the Resolution. I cannot see, Sir, how any one can possibly go against this Resolution and I hope my conviction will be all right.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (Education, Health and Lands Member): Sir, I think it will minimise discussion if I intervene at this stage and explain the position of the Government of India in respect of their attitude towards this Resolution, and I may assure my Honourable and gallant friend Colonel Sir Umar Hayat Khan that I am at one with him in my sympathy for the interest of the ryot population. At the same time let me assure the House that I feel it somewhat of an impediment to have to enter into the discussion of the Resolution moved by my Honourable friend from Madras on the floor of this House. If this Resolution had been debated in a provincial Legislative Council, it would undoubtedly have received a fuller, a more exhaustive and a more favourable discussion. The Resolution in fact asks for an expansion of the co-operative movement with a view to the extension of land mortgage banks in the provinces so that the agricultural population may thus be enabled to obtain long-term loans. It therefore obviously deals with two branches of the administration, namely, the co-operative credit movement and agriculture. Need I remind Honourable Members of the fact that both these departments of administration are, according to the present constitution under which we are working, provincial transferred subjects and therefore under the control of provincial Ministers. It was not very long ago that a Resolution dealing with the co-operative movement in India was discussed in this very House on the motion of my Honourable friend Sir Ebrahim Haqoon Jaffer. I then tried to make it clear to the House that this was not the proper place where a Resolution of that description could be discussed, much less adopted, and I then tried to show what the respective functions of the Provincial Government and the Government of India were in regard to the administration of provincial transferred subjects. Even at the risk of tiring the patience of my Honourable friends I shall quote from that speech of mine a passage which I think will clear the position. I then said:

"When therefore we realise that this is an entirely provincial transferred subject what should be the attitude of this House? The Joint Parliamentary Committee which examined the Government of India Bill laid down a very wholesome rule in regard to the relations which should exist between the Secretary of State in Council and the Governor General in Council and those who are in charge of transferred subjects. They laid down as an axiom which I shall read for the information of the House and that axiom was 'Over Transferred subjects the control of the Governor

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General in Council and thus of the Secretary of State in Council should be restricted in future within the narrowest limits possible which will be defined by rules under sub-clause (3) of clause 1 of the Bill, and in pursuance of it the Secretary of State has made the rules. They are as follows :

The powers of superintendence, direction and control under the Act or otherwise shall in relation to transferred subjects be exercised only for the following purposes : to safeguard the administration of Central subjects, to decide questions arising between two provinces in cases where the provinces concerned failed to arrive at an agreement, to safeguard imperial interest and to determine the position of the Government of India in respect of questions arising between India and other parts of the British Empire."

I then maintained that none of these conditions existed, and I therefore pleaded before the House that that Resolution could not well be discussed in this House, and I am glad to say that the Honourable Mover of the Resolution, when he saw the constitutional position involved, withdrew his Resolution with the permission of the House. We are to-day asked to discuss a Resolution which is more or less on the same lines, and I would once more submit for the consideration of the House the impropriety of discussing it here. But let me not be understood as meaning that the Government of India have no interest in or sympathy for the substance of the Resolution as moved by my Honourable friend. Indeed, I can assure the House on behalf of Government that there is no matter in which they would take greater interest than the upliftment of the agricultural population, which in this purely agricultural country is something like 80 per cent. of the entire population. I would ask the House to hold patience until this very important question has been thoroughly examined, carefully considered and reported on by the Royal Commission on Agriculture. My Honourable friend Mr. Ramadas Pantulu has already told the House that he has appeared as a witness before the same Commission and given his evidence before it, and I was indeed gratified to hear from him that he hopes that, as a result of the investigation which the Royal Commission is now making, very important results advantageous to the agricultural community will necessarily follow. I can assure the Honourable Member that, when the recommendations of the Royal Commission on this very vital matter are received, the Government of India will examine them with that attention and with that sympathy which the importance of the subject demand. But even so, it ought to be apparent to Honourable Members that any direct action which might be necessitated on the recommendations of that Commission will have to be taken by the Provincial Governments concerned; for as I have stated already, this is a provincial transferred subject. It was only in January of last year that a conference was held in Bombay consisting of the Registrars of Co-operative Societies employed in the various provinces and a large number of officials and non-officials who were interested in the co-operative movement. One of the recommendations that was made by that conference runs thus :

"Mortgage banks based on co-operative principles are desirable in many parts of India. No transaction should be undertaken which is not economically profitable to the borrower."

And then they defined the objects of such mortgage banks. The principal objects should be—

- (a) redemption of land and houses of agriculturists,
- (b) improvement of land and methods of cultivation and the building of houses of agriculturists,

- (c) liquidation of old debts, and .
- (d) purchase of land in special cases.

The conference then went on to make suggestions regarding the area and management of such banks, the method of raising finances and of granting loans to members. In view of the constitutional position to which I have so often adverted, the Government of India, on receipt of the proceedings of this Conference, have communicated this Resolution to the various Provincial Governments, drawing their attention to it and asking them to take such action as they can.

Then I think I must say a word as regards the activities of the various Provincial Governments in this direction. It may be that the improvement in the development of this much-needed reform has not kept pace with expectations, but let me plead on their behalf that there are certain inherent difficulties in pushing this scheme through with such rapidity as one may desire or to hasten its pace. I shall not enter into all the difficulties which crop up in the successful working of land mortgage banks. I do not say they are insuperable, but the difficulties are there and have to be taken note of. In spite of that fact I am glad to acknowledge that certain Governments are applying themselves wholeheartedly and with all seriousness to the development of this movement in their respective provinces and I cannot omit to mention on this occasion the names of a few provinces which have started these movements already, notably, Madras, Punjab, Bengal and Burma. Other Governments, I am credibly informed, have applied their mind in this direction, and I fervently hope that they will also start similar banks in their respective provinces and thereby fall in line with this very necessary activity. I am not, as my Honourable friend, Colonel Sir Umar Hayat Khan feared, opposing the Resolution, but I am standing here merely for the purpose of explaining the constitutional position and trying to show to the House that this Resolution, in its present form, cannot be regarded as a concern of the Governor General in Council, for it asks us, if the Resolution is accepted, to adopt measures for the reduction of agricultural indebtedness in India and to establish land mortgage banks. The adoption of measures for the reduction of agricultural indebtedness is entirely a matter within the cognizance of Provincial Governments, and, similarly, the establishment of land mortgage banks in the various provinces is also a matter which is within the cognizance of Provincial Governments. By the adoption of a Resolution like this, the Government of India could take no direct action beyond referring this Resolution back to the Provincial Governments for such measures as they may consider necessary to adopt. Let me repeat we have done that already and on the strength of the Resolution passed at the Conference of Registrars in Bombay in January last, we have taken that action. There is therefore nothing more that the Government of India could do at this stage. Further, they would not like to take any action until they are in possession of the considered recommendations of a Royal Commission which they have themselves brought into existence the other day and which, as has been admitted, is applying itself wholeheartedly and very seriously to a solution of this very important question. I would therefore, in the light of these few remarks, ask my friend, Mr. Ramadas Pantulu, whether he cannot see his way to withdraw his Resolution at this stage.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, the Resolution in the main is only a request for the extension of banking facilities in India. Though the word "agriculture" occurs in this Resolution, I hope any narrow or technical or restricted interpretation of the various rules, which has been the fashion with the Members of the Government here to adopt, would not be acceptable to the Members of this House. Sir, no doubt agriculture is a transferred subject, but I do not think banking in India is a transferred subject.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: May I at once enlighten the Honourable Member by saying that land mortgage banks are a transferred subject.

THE HONOURABLE MR. P. C. DESIKA CHARI: Sir, so far as the first portion of the Resolution goes, there is no objection, and that is, to adopt measures for the reduction of agricultural indebtedness. No doubt the objection which has actually been put forward for the extension of co-operative banking facilities would not apply to this case, because I think, on the whole, the extension of co-operative banking would not solve the problem of agricultural indebtedness. Co-operative banking excludes land mortgages, because co-operative banking as worked in India will be unsuitable to the conditions of India. The agriculturist can be benefited only by long-term loans, and it is not possible for the co-operative societies to give long-term loans as they are at present. Unless these co-operative societies are thoroughly overhauled and given an altogether different basis of working, they will not function as land mortgage banks. Sir, after all, the Honourable Mover has it in his mind, by putting forward this Resolution, only to request the Governor General in Council to apply their minds to agricultural indebtedness; and I find, Sir, that on some ground or other which may be available to the Members of the Government, they refuse to apply their minds to this vital question. Sir, after all, the adoption of a Resolution of this kind is not likely to be objected to even by those people who want to uphold the fiscal autonomy of the provinces like my Honourable friend, the Mover. Sir, after all, we are not trying to hamper the activities of the provinces; this Resolution only asks Government to co-ordinate the activities of the various provinces in the matter of the reduction of agricultural indebtedness, and, as a matter of fact, they have seen their way to accede to the request for co-ordinating the action of the various provinces in this respect by the appointment of the Agricultural Commission. No doubt the Agricultural Commission will collect a good deal of information and they are bound to make some sort of a report. But, is it any reason that we ought not to discuss and come to a definite conclusion on a Resolution of this kind? I should think the fact that the Agricultural Commission is going to report on this aspect of the matter is the very reason why I would ask the Honourable Members of this House to support the Resolution and to give the considered opinion of this Association on this question in which the Agricultural Commission is directly interested in making a report. Sir, the acceptance of this Resolution may indicate that the representatives of the people are in favour of adopting practical measures for the reduction of agricultural indebtedness, and this would go a long way to support any recommendation which may be made by the Royal Commission on Agriculture for the reduction of agricultural indebtedness.

Sir, coming to the various aspects of the case, I find that in India the various provinces of India are ground down by a net-work of money-lenders, and especially in Burma we have got a very large net-work of moneylenders extending to the villages of our Chetties and *Shahukars*.

12 Noon. No doubt, they offer a good deal of assistance to the agriculturists, but from the way in which they work the agriculturists are likely to disappear giving place to the moneylending landowning classes. Sir, it is very necessary to take up measures in giving facilities for relieving agricultural indebtedness by starting banks not directly under State control but by a system whereby the State would guarantee the loans made to the agriculturists. It is necessary that the agriculturist should be in a position to wipe off his indebtedness and to apply a portion of the money that may be available to him from these loans to adopt improved methods of agriculture, and the system of long-term loans which has been advocated by my Honourable friend would come in handy for the solution of the indebtedness of the agriculturist. I think that, if under proper guidance and under proper guarantees the State comes forward to help the agriculturist to-day, they will have reason to congratulate themselves on their action because the sources of central as well as provincial revenue would be considerably improved and the adoption of the Resolution would directly accelerate the improvement of the central revenues in various directions. We very often find this theory trotted out that the State is the owner of the land in India, and if this theory is acceptable—and I see it is acceptable to the Government, and it is very careful to put forward that theory—it is but necessary that the State through its agency the Central Government should take steps to do its duty as the supreme landlord all over India, and it would serve no useful purpose to say that this function can very well be done by other people who have got restricted resources, who in fact find it almost impossible to carry on the administration with the rigid sources of income which are allowed to them under the system of Devolution Rules. With these words I commend this Resolution to your acceptance.

THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB OF BURDWAN (Bengal: Nominated Non-Official): Sir, I do not know how you like the position to become the President of an association, as my Honourable friend Mr. Desika Chari likened the Council of State to a moment ago. We have rather travelled far in the discussion of this Resolution. For instance, the Honourable Mr. Desika Chari has given up all the lands and all the titles of superior landlords in this country to the Government in spite of what the Taxation Committee have said on this subject in their exhaustive report

THE HONOURABLE MR. P. C. DESIKA CHARI: I only said that they put forward that claim and they ought to act according to their profession.

THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB OF BURDWAN: He says he has put forward a claim on behalf of the Government

THE HONOURABLE MR. P. C. DESIKA CHARI: Not I. The Government put forward the claim.

THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB OF BURDWAN: However, I think on that point the Taxation Committee's Report is quite clear and what I wish to say at this stage is this. There can

[Sir Bijay Chand Mahtab.]

be no question that when a Resolution is brought forward which relates to agriculture generally and to the agricultural indebtedness of agriculturists, every one in this House will accord his support to that idea on principle and on theory. But when we have seriously to consider as to whether we should recommend to the Governor General in Council to take immediate steps to start a particular class of land mortgage banks which will help to minimise the indebtedness of agriculturists, we have got to take stock of not only what the constitutional position is of the Government of India, as has been so clearly stated by the Honourable the Leader of the House and the Member in charge of agricultural subjects in the Government of India, but also what are the reasons for this agricultural indebtedness in the country. I think, therefore, that if I may, I should in all seriousness ask the Honourable Mover to withdraw his Resolution at the present moment, firstly, because I do not think that Members of this House would be justified in precipitating any action on the part of the Government until the Government of India have had the Report of the Royal Commission on Agriculture which is now holding its sittings in India and which has, I believe, got to hold further sittings next cold weather. The second reason why I think we should not press this Resolution to-day is this. I come from a province where the agricultural indebtedness of the ryots is very great. There is a Member of the Council of State here whose father was a great friend of mine and was one of the pioneers of what has now come to be known as the co-operative credit movement. He started in Rangpur a system known as *Dharmagolas* which was to help the agriculturist with the loan of paddy. We all know that in Bengal the real curse of agriculture lies in the fact that there is so much sub-infeudation. Sub-infeudation goes on in my province to such an extent that, although we may call the Bengal ryot an agriculturist in name, I have often felt that the poorer ryots in Bengal would really do better financially if they had other occupation than agriculture and that there were bigger farmers in the province to carry on the farming. That is where the real problem of the future of agriculture lies in this country, namely, that, whereas those in Bengal, for instance, who are known as the great zemindars like my humble self, are not a menace, are not in any way an impediment to the improvement of agricultural prospects in the province, there can be no doubt that the power that lies in the hands of the tenure holders does impede the progress of the lower agriculturists. On the other hand, the smallest agriculturists by means of sub-infeudation have got into a position by which they are only agriculturists in name or in fact paid labourers of their immediate superior landlords. It is therefore, that I say that the question is not free from difficulties and if we were to be carried away purely by sentiment and give support to this Resolution we would not be benefiting the country generally, nor would we be helping the cause of agriculture in the way we would like to. For all these reasons I do think that the Resolution is premature, in view of the fact that there is this Royal Commission on Agriculture going about the country.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadan): Sir, I welcome any Resolution which has for its object the improvement of the lot of the agricultural population of this country, and I all the more welcome this Resolution, because it aims at redeeming the agriculturists from a condition of misery and starvation and freeing them from the relentless hands of usurers and money-lenders. Agricultural indebtedness has become a chronic sore, something like a cancer, eating into

the very vitals of village life. Sir, this pitiable state of affairs is not entirely of the agriculturists' own seeking. The Government of India have also an equal, if not greater, share in bringing about this climax. The first appearance of the cancerous condition of the Indian agriculturist can be traced to the ruinous Land Revenue Policy of the British Administration in this country. The land-tax in India has almost reached the breaking point, and what with the frequent settlements and re-settlements as in the Madras Presidency, which helped the Government considerably to enhance the land-tax from time to time and what with the vicissitudes of the weather which brought about famine conditions every now and then, the agriculturist had perforce to contract debt and lead a life of chronic poverty and perpetual misery. Irrigation facilities are woefully wanting in many parts of the country still, transport facilities, such as roads, railways, etc., are poor, facilities for technical and vocational training and compulsory mass education are absent, and yet, Sir, the poor agriculturist is saddled with water cess, road cess, educational cess and a number of other cesses which add to his burden. Secondly, Sir, the defective educational policy of the Government, I mean secondary and collegiate education, is responsible also for the deplorable condition of the modern villager. I do not question for one moment the sincerity of these statesmen like Lord Macaulay, who had carried out the educational policy of India, which was calculated to the advancement of the Indian nation, morally, materially, intellectually and politically. But, Sir, in the practical application of this policy, by later day British statesmen, who were responsible for the governance of India, this broad and liberal policy had been whittled down and brought within very narrow limits, and our Indian universities to-day are more engaged in the manufacture of a countless host of quill-drivers, lawyers, doctors, engineers and other professionals who are necessary for administrative purposes, than in the production of technical and scientific men who could advance the industrial and agricultural regeneration of India. The net result of this short-sighted policy is that we have at the present day an army of unemployed middle class men, who had pawned their lands and spent their all in costly English education and had been left to their fate without any means of subsistence. The indebtedness of the agricultural population and the present deserted condition of the villages, where we find only naked walls and encumbered lands, emaciated peasants and ill-looking live stock, are but the outcome of the craze for study and service and consequent migration to towns and cities. The Government have since found out the folly of their educational policy, and now goes forth the incessant cry to the unemployed "Back to your village homes and back to your agricultural pursuits"; but it is already too late to effect it. The dearth of agricultural labour in the villages, due to the disastrous emigration policy of the Government, of which the less said the better, is also another contributory cause to the high cost and low yield of produce, and consequent necessity for the agriculturist to place himself under the mercy of the money-lender. Lastly, Sir, the social evils of the people themselves, such as marriage and funeral ceremonies and the high standard of living copied from the townsfolk, who in turn have copied from the west, have added largely to their burden of debt. The *sowcar* is ever ready to receive the poor ryots with open arms and waits at their very doors to advance money with exorbitant interest, say 24, 36 and even 48 per cent. The banks in towns and cities which are meant exclusively for the commercial classes, and where large Government balances are available for speculators in trade, are closed to the poor ryots. The co-operative

[Rao Sahib Dr. U. Rama Rau.]

societies which have been recently started in various Provinces are more useful to the urban population than to the agriculturists in rural tracts. The establishment, therefore, of land mortgage banks within easy reach of villagers and with less of red-tapeism about them, which will lend, on the security of their lands, long-term loans at a cheap rate of interest and short-term loans, on the security of their produce, to meet their *kists*, to purchase seedlings and to meet the expenses of agricultural operations generally, would, I think, form the first step in village construction work, by which the Government attempt to solve the unemployment problem. Until the villager is redeemed from his indebtedness and poverty and until village life is made attractive and cultivation shown to be remunerative, the unemployment problem will remain unsolved for ever and village reconstruction will only be a pious wish, impossible of realization. I know the Government are going to say in reply to this Resolution, they are sure to say, "Why all this fuss and haste about land mortgage banks and the like. We are going to have Reserve Banks, as per recommendations of the Currency Commission, which would meet the needs of the agricultural population as well. Let us also await the recommendations of the Agricultural Commission, which is now sitting" and so on and so forth. Thus postponing indefinitely this very useful measure. But I, for my part, am not quite sanguine about these Commissions. What the agriculturist sadly wants now, Sir, is not Reserve Banks, or scientific methods of agriculture, but some agency to replace the *Sowcar* and easy flow of money into his hands for the redemption of debt and development of agriculture in his own way, which has been long neglected. Slowly he may be induced thereafter to pursue scientific and modern methods of agriculture to improve the soil and better his position. To put the whole thing in a nutshell, Government must undertake to subsidise the agricultural industry, through banks established by them and redeem the agriculturists from their present chronic indebtedness. Until that is done, there can be no salvation for them. Commissions may come and Commissions may go, but the poor agriculturists must go on for ever with their mournful thoughts for the morrow and the nightmare of the money-lender. With these few words, Sir, I strongly support this Resolution.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (North-West Frontier Province: Nominated Non-Official): Sir, I did not know that the discussion of this Resolution would be in any way against the constitution, because I think we are not discussing this Resolution here in order to take away powers from the Local Governments, but by way of a reminder to some of the Local Governments who have not yet taken any action in the matter. I heard the Maharaja Sahib of Burdwan say that the land-owners in the various provinces are not an impediment. I would rather go further than that, Sir, and say that in the North-West Frontier Province and in the Punjab, as my friend Colonel Nawab Sir Umar Hayat Khan will bear me out, landlords generally, advance money which is called *takavi* to their tenants, and when there are bad harvests the landlords there feed, look after and clothe their tenants. They take a paternal care of their tenants.

THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB OF BURDWAN: May I inquire if my friend says landlords were an impediment? I did not say they were.

THE HONOURABLE THE PRESIDENT: The Honourable Member is explaining that he would go even further than the Honourable Maharajadhiraja.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN: I was not saying anything by way of criticism. What I say is that the landlords in these two provinces, the conditions in which I know, take good care of their tenants. I heartily appreciate the motive of the Honourable Member in bringing forward this Resolution, which concerns the major portion of the population of this country, and I do not think any Honourable Member of this House would like to take exception to its being carried through. India is an agricultural country in which I had thought that 75 per cent. of the population were agriculturists; but I find from the speech of the Leader of the House that the percentage is 80; 80 per cent. of the population are agriculturists forming the chief source of life in it.

With such a vast majority, the agriculturists ought to have been the most prosperous and wealthiest class of people in comparison with their neighbours of other professions, whereas, as a matter of fact, they are the poorest, the most needy and the most oppressed of all the other communities inhabiting this vast country. It is simply this class of people that deserve the utmost sympathy of the Government to relieve it of the numerous miseries confronting it from all sides. These are largely due to their indebtedness to the bankers, from whom they are compelled to borrow money on interest under unavoidable circumstances. For instance, the agriculturists have greatly to depend upon the fairness of the elements; in the first place there is the question of rainfall which, if it comes at the proper time, proves advantageous and if not the agriculturists generally go bankrupt. In the second place, there is the fear of unfairness of weather which proves greatly detrimental to the interest of the agriculturists. Last though not least, are the ever increasing demands of Government in the form of land revenue and water rates imposed on the agriculturists by virtue of settlements after every 30 years. The agriculturists accustomed to certain expenditure cannot reduce their expenditure and the consequence is that they have no alternative but to borrow money from the bankers in order to satisfy the demands thus recalculated by every fresh Settlement. Lucky are those who do not find themselves under the imperative necessity of sharing half of their income with the Government after every 30 years—I mean the zamindars of Bengal.

I need not to go into any further details of the calamities attending the harvest of the agriculturists so long as they are not gathered and sold in the market, for these are no secrets to Honourable Members of the House. Suffice it to say that such calamities have always compelled the agriculturists to borrow money on interest which has proved fatal to them not very long afterwards. It is this worry of interest that the agriculturists have no way to escape from and it is a matter of everyday occurrence that a small amount of money taken on interest has resulted, after a space of three years, in a life-long bondage to the banker. Now, Sir, it is this way of business and consequently lack of funds with the agriculturists that has proved a great impediment in the way of an improvement in agriculture; for when an agriculturist has not sufficient means to satisfy the demands of his creditor, he cannot be expected to

[Major Nawab Mahomed Akbar Khan.]

possess surplus money enabling him to devise any improvement in his work. It is because this lack of funds with the agriculturists that has generally to account for the deterioration of the growth of crops in India, so much so that it stands at one-third of that of Egypt. Apart from this the amount of debt owed by the agriculturists in India is increasing every day, so much so that it is said to be roughly estimated at 600 crores of rupees in the last year. Under the circumstances it would be in the fitness of things if some measures are adopted to relieve the agriculturists of their every-day-increasing afflictions, especially those of accruing debts. The measure proposed in the Resolution brought forward by the Honourable Mr. V. Ramadas Pantulu is highly commendable, and it is to be hoped that the Government will very kindly see its way to act up thereto at an early date. The establishment of banks proposed would greatly lighten the burden of the agriculturists as it will advance money to them at comparative lower rates of interest and with no hasty demands for prompt payment but by way of easy instalments.

THE HONOURABLE MR. V. RAMADAS PANTULU: Sir, I am very thankful to Sir Muhammad Habibullah for having expressed general sympathy with the substance of my Resolution and the object of it, but I am sorry to say that I do not see my way to withdraw it. I shall very briefly answer the constitutional point raised by him. I regret to say that my Honourable friend has overlooked a very material fact in raising that point. He has evidently forgotten that there are administrations under the direct control of the Government of India to which the reforms adumbrated by the Government of India Act have no application, and there is no question in regard to these administrations of any subjects being Provincial or Imperial. The irony of the situation is that the very place where we are sitting, the Imperial Capital of Delhi and its surroundings, are not a province to which the Government of India Act applies. If we have got to start mortgage banks here and to relieve the indebtedness of the ryot here, it is Sir Muhammad Habibullah's Department that has got to do it. Then the province from which my Honourable friend Major Akbar Khan, who supported me comes, has not got the benefits or the alleged benefits of the Reforms. The North-West Frontier Province is subject to the Central Government in this matter. If Sir Muhammad Habibullah wants to tell me that the indebtedness of the ryot in these provinces can be relieved by the local administrations, and that mortgage banks can be started by them, then I am constrained to say he is wrong. Therefore, the provinces of Delhi, Ajmer-Merwara, Baluchistan, Coorg, and the North-West Frontier Province are provinces to which my Resolution still applies, and, speaking in an Imperial Council like this, I am entitled to urge this proposition which relates to the whole of India. The second point is that the Act under which these societies are started and conducted is the Act known as the Co-operative Societies Act, which is an Imperial Act, passed by the Government of India in 1904 and amended and consolidated in 1912. It is still on the Statute-book though local Legislatures can amend it and pass Acts which may suit their convenience. The co-operative societies in the provinces, at any rate in my province, are still administered under the Imperial Act of 1912 and not under any local Act: and therefore the policy underlying that Act and the procedure to be adopted under that Act are essentially

central subjects. The *third point* is this. I have asked in my speech for certain forms of State aid to relieve agricultural indebtedness and to promote agricultural banks which cannot by any stretch of imagination be undertaken by Provincial Governments. I have asked the Government of India to improve processual and contractual laws and to amend the Trust Act. I have also asked the Government of India to invest in these banks some trust-funds and various kinds of other funds which are lying with them idle without carrying interest. There are some sinking funds, deposits of the Insurance Companies, and other monies lying idle with them which amount to crores of rupees—and the land mortgage banks suggested, will pay on those investments a very handsome interest. The Government of India are at present allowing others outside India to get all the benefits of some of these funds. Such are the forms of State aid I have asked for, and these are matters which are directly under the Government of India; and no agricultural bank, I can assure this House, can ever be started in this country, not one of them can be started in this country, without the Central Government moving in the matter. *Fourthly*, Sir, my Honourable friend, the Leader of the House, has himself admitted that the existence of a Member for Revenue and a Central department of Agriculture here are intended for the purpose of co-ordinating the activities of the provinces, and co-ordinating the activities of the provinces with those of the Government of India, which is all that I am asking for. May I read an extract from a speech which he delivered in this House only last year. He said:

"Am I saying too much when I say that for agriculture what is essentially needed is not merely provincial energy or provincial activity but something more than that? I take it that for the agricultural development of the country something like a co-ordination of effort is absolutely necessary. There is needed a spirit of co-operation between Province and Province, and above all, there is also needed a spirit of co-operation between the provinces on the one hand and the Government of India on the other. Need I enumerate those cases in which the importance of a particular activity does not begin and end with a province? May I not remind the House of the fact that cotton, which is now such an important produce in India, would not have assumed the importance that it has done but for the help, the succour and the encouragement which the Government of India gave by the establishment of a Central Cotton Committee, by lending their own officers of experience to conduct the affairs of that Association, and by passing an Act authorising the levy of a cess for that purpose? Do we not know what part the Central Institute at Pusa is playing for the purpose of encouraging profitable varieties of wheat which yield large profits to the growers?"

Have I not also alluded to wheat and cotton, in my speech? Can anything then be done really without the Government of India moving in the matter? There is one other matter which was urged, namely, that the Royal Commission on Agriculture is sitting and therefore we must wait. What I want is that the Commission should have our opinion, and not we their opinion. Our conclusion would materially aid the Commission, and, if they thought that agricultural indebtedness might be relieved by the establishment of land mortgage banks, our opinion would materially aid the labours of the Commission and this House would be conferring a lasting benefit on agriculture in this country. If we do not do that, I am constrained to say that we shall write ourselves down not as the enemies of the agriculturist. Therefore, I ask for the considered opinion of this House as it will materially help the Commission in their deliberations. I am very sorry to say that in this matter Sir Muhammad Habibullah has put the cart before the horse. Instead of supplying

[Mr. V. Ramadas Pantulu.]

the Royal Commission with the opinion of this House, he has asked this House to wait for their opinion. I really cannot understand this. Of course I do not wish to answer the arguments of the Maharaja of Burdwan because he has merely echoed the arguments of the Government: But in regard to the advice which he has given me for a third time in this Session to withdraw my propositions, I may tell my Honourable friend that, as a member of the legal profession, as a lawyer, I am never accustomed to take advice from the opposite side. I know my business, and if I am worth my brief, I know what to do for my constituency. Therefore I would request him on future occasions not to tender me such gratuitous advice.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: Sir, before I attempt to briefly reply to the observations made by my Honourable friend, Mr. Ramadas Pantulu, I would venture to add a few remarks in respect of some of the criticisms which were made by the other Honourable Members who have joined in this discussion.

The Honourable Mr. Desika Chari twitted us with the remark that we always sought shelter under some Statute or Regulation by putting a narrow and restricted interpretation thereon and thereby tried to escape responsibility. He belongs to the same profession to which I had the honour to belong, and I would challenge my Honourable friend with his present legal knowledge to tell me whether he would have put a different interpretation upon the quotations that I read from the Report of the Joint Parliamentary Committee and the rules framed by the Secretary of State thereunder, and whether he would maintain that, in the face of those clear and unequivocal instructions in regard to the administration of provincial transferred subjects, he would still argue that they are the concern of the Governor General in Council. Then Dr. Rama Rau, with the usual enthusiasm which he displays in this House, asked us why we were afraid of accepting the Resolution. May I tell him that it is not fear that has seized us on this occasion, but it is the constitutional position which we have tried to explain. If we had regarded this matter as coming within the purview of the Governor General in Council, we would have gladly accepted it for, as I have emphasized, and emphasized more than once, this is a subject in which the Government of India evince a very great interest and for which they have the greatest sympathy. Then the Honourable Nawab of Hoti tried to interpret the Resolution in a way different from what its language could possibly imply. He stated that this Resolution was no more than a reminder by the House to those Local Governments who had not taken any action whatsoever in regard to the establishment of land mortgage banks in their respective areas. But I would ask my Honourable friend once more to read the Resolution and see whether his interpretation is correct

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: Change it and adopt it.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: Now, coming to the Honourable Mover's observations let me admit that there are certain areas in India which are directly administered by the Government of India. If he had intended seriously that the Government of India should set the example themselves by displaying activity in the direction of land mortgage banks in respect of areas which

are directly administered by them, I am sure he would have worded the Resolution to imply that meaning. But as the Resolution now stands, it is a tall order to issue to the Governor General in Council, inasmuch as it embraces within its ambit the whole of India, and it is impossible for the Governor General in Council to assume the responsibility of taking any direct action in that matter in view of the fact that this subject is directly administered by the Provincial Governments. I admit that the Act under which the co-operative societies were started and are being worked is an Imperial Act. I need not offer any further explanation of that fact inasmuch as the Honourable Member himself confessed that the Provincial Governments have got the power to frame their own laws on that subject . . .

THE HONOURABLE MR. V. RAMADAS PANTULU: They have not done so yet.

THE HONOURABLE PANDIT SHYAM BIHARI MISRA (United Provinces: Nominated Official): Yes, Bombay has.

THE HONOURABLE MR. V. RAMADAS PANTULU: Only Bombay, but not Madras.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: I have heard with very great interest indeed the speech of the Honourable Mover when he made various suggestions as regards the directions in which he would ask improvements to be made and how he would expect the Government of India to devise means for the purpose of encouraging the growth of land mortgage banks in India. I need not enter into a discussion of those questions, for I made it sufficiently clear at the very outset that I was not going to oppose the Resolution on its merits, but that I felt myself constrained not to accept the Resolution inasmuch as, worded as it is, it did not concern the Governor General in Council. But I may at the same time tell him that if he expects those suggestions to be taken note of by the Government of India and action taken thereon in respect of areas which are under their direct administration, I shall certainly be glad to do so. It is true that my official designation carries with it the Membership of Agriculture also, and it is equally true that while opposing the Resolution of my Honourable friend, Sir Haroon Jaffer, last year, when he asked for further inquiries into the working of the co-operative movement in India and when he asked why the Government of India had established a Commission for the investigation of agriculture while that also was a transferred subject, I tried to explain the difference between co-operation and agriculture as it affected the masses of the Indian people. And I tried to show that while in the matter of co-operation the Government of India had no direct hand, did not maintain any institutions and did not take part in its administration, so far as agriculture was concerned its contribution towards the development of agricultural wealth in India was great and that was the reason which I urged in justification of the appointment of the Royal Commission on Agriculture. But to-day we are being asked to take a definite step in the direction of the extension of the co-operative movement in India. The argument which I urged on the previous occasion against that course still holds good and I, therefore, am unable to see how it will be possible for the Government of India to take any direct action in the matter. The Honourable Member confesses that there is now a Royal Commission investigating into the needs of the agriculturists in India, to

[Sir Muhammad Habibullah.]

whom is also entrusted the task of making specific recommendations which embrace the matter that we are now discussing. Two specific terms of reference to the Royal Commission are:

"The methods by which agricultural operations are financed and credit afforded to agriculturists, and the main factors affecting rural prosperity and the welfare of the agricultural population."

These are the terms of reference on which the Royal Commission is now conducting its investigations so far as this aspect of the matter is concerned. The Honourable Member considers that it will be an advantage to the Royal Commission to be in possession of the views of this House while it makes its recommendations. To that view I have no objections to urge. If the Honourable Member thinks that the proceedings of this House to-day should be communicated to the Royal Commission on Agriculture I have not the least objection to do so, but my difficulty is to accept the Resolution over the heads of Local Governments who are in direct charge and who are responsible for the administration of this subject. I would, therefore, in spite of the fact that he is a lawyer and that he would not act on the briefs supplied by others, ask him once more whether it would not be serving the purpose which he has in view—a purpose with which I entirely sympathise—if he withdrew the Resolution on the understanding that I shall communicate these proceedings to the Royal Commission on Agriculture.

THE HONOURABLE THE PRESIDENT: The question is that the following Resolution be adopted:

"This Council recommends to the Governor General in Council to adopt measures for the reduction of agricultural indebtedness in India and to establish Land Mortgage Banks to provide agriculturists with long term, easy and productive credit"

The Council divided:

AYES—21.

Akbar Khan, The Honourable Major Nawab Mahomed.

Dadabhoy, The Honourable Sir Maneckji.

Desika Chari, The Honourable Mr. P. C.

Froom, The Honourable Sir Arthur.

Gulam Mustafa Chaudhury, The Honourable Maulvi.

Mahendra Prasad, The Honourable Mr.

Mehr Shah, The Honourable Nawab Sahibzada Saiyad Mahamad.

Moti Chand, The Honourable Raja.

Muhammad Hussain, The Honourable Mian Ali Baksh.

Mukherji, The Honourable Srijut Lokenath.

Nawab Ali Khan, The Honourable Raja.

Oberoi, The Honourable Sardar Shivdev Singh.

Ramadas Pantulu, The Honourable Mr. V.

Rama Rau, The Honourable Rao Sahib Dr. U.

Ranga Rao, The Honourable Raja Sri Ravu Swetachalapati Ramakrishna Bahadur, of Bobbili.

Roy Choudhuri, The Honourable Kumar Sankar.

Sett, The Honourable Rai Bahadur Nalininath.

Singh, The Honourable Raja Sir Rampal.

Sinha, The Honourable Mr. Anugraha Narayan.

Umar Hayat Khan, The Honourable Colonel Nawab Sir.

Zubair, The Honourable Shah Muhammad.

NOES—20.

Abdul Karim, The Honourable Khan Bahadur Maulvi.
 Bijay Chand Mahtab, The Honourable Maharajadhiraja Sir, of Burdwan.
 Brayne, The Honourable Mr. A. F. L.
 Charanjit Singh, The Honourable Sardar.
 Corbett, The Honourable Mr. G. L.
 Das, The Honourable Mr. S. R.
 Evans, The Honourable Mr. F. B.
 Forest, The Honourable Mr. H. T. S.
 Gray, The Honourable Mr. W. A.
 Habibullah, The Honourable Khan Bahadur, Sir Muhammad, Sahib Bahadur.

Haig, The Honourable Mr. H. G.
 Khaparde, The Honourable Mr. G. S.
 McWatters, The Honourable Mr. A. C.
 Misra, The Honourable Pandit Shyam Bihari.
 Rainy, The Honourable Sir George.
 Singh, The Honourable Raja Sir Harnam.
 Stow, The Honourable Mr. A. M.
 Swan, The Honourable Mr. J. A. L.
 Tek Chand, The Honourable Diwan.
 Thomas, The Honourable Mr. G. A.

The motion was adopted.

ELECTION TO THE PANEL FOR THE STANDING COMMITTEE ATTACHED TO THE COMMERCE DEPARTMENT.

THE HONOURABLE THE PRESIDENT: I am in a position to announce to the House the result of nominations for the panel from which are selected the members to serve on the Standing Committee attached to the Department of Commerce. Six nominations have been received and as there are six vacancies on the panel, I have to declare the following duly elected:

The Honourable Sir Phiroze C. Sethna.

The Honourable Mr. P. C. Desika Chari.

The Honourable Sir Arthur Froom.

The Honourable Mr. Mahendra Prasad.

The Honourable Mr. W. A. Gray, and

The Honourable Mr. Manmohandas Ramji.

STATEMENT OF BUSINESS

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (Education, Health and Lands Member): Sir, I desire to state for the information of Honourable Members that the Bill to provide for the continuance of the protection of the steel industry in British India, which was laid on the table on Tuesday last, will be proceeded with on Tuesday, the 1st March.

THE HONOURABLE THE PRESIDENT: The Council will now adjourn till Monday, the 28th February, and I would remind Honourable Members that the sitting that day will be at 5 O'clock in the evening instead of at the customary hour.

The Council then adjourned till Five of the Clock on Monday, the 28th February, 1927.

COUNCIL OF STATE.

Monday, 28th February, 1927.

The Council met in the Council Chamber of the Council House at Five of the Clock, the Honourable the President in the Chair.

MEMBER SWORN.

THE HONOURABLE SIR S. R. M. ANNAMALAI CHETTIYAR, Kt.
(Madras: Non-Muhammadan).

QUESTIONS AND ANSWERS.

VACANCIES OF OVERSEERS OR ASSISTANT MANAGERS IN THE GOVERNMENT OF INDIA PRESSES.

11C. THE HONOURABLE MR. G. S. KHAPARDE: Will the Government be pleased to state:—

- (a) whether there are going to be any vacancies of Overseers or Assistant Managers in the Government of India Presses in the near future; and
- (b) if so, do the Government propose to advertise the vacancies and fill up the posts by open competition in India from amongst European or Indian gentlemen having the requisite technical qualifications?

THE HONOURABLE MR. A. C. MCWATTERS: (a) There is likely to be a vacancy in a permanent post of Assistant Manager in April next.

(b) No. It should be possible to fill the vacancy by promotion.

INSPECTION OF THE GOVERNMENT OF INDIA PRESSES AT SIMLA AND DELHI BY FACTORY INSPECTORS.

111. THE HONOURABLE MR. G. S. KHAPARDE: (a) Will the Government be pleased to state whether the Government of India Presses at Simla and Delhi are treated as Factories?

(b) If so, is the limit of working hours and overtime, as laid down by law, observed in those Presses?

(c) Is it a fact that, in winter last, a large number of compositors and Lino-operators in the Delhi Press were forced to work for 16 hours and more every day?

(d) Is it a fact that these men were refused permission by the Foreman on duty to go out to purchase food and forced to work till midnight and later without having any nourishment?

(e) Are these Presses ever visited* by Factory Inspectors; if so, will the Government be pleased to give dates of inspection during the last five years?

THE HONOURABLE MR. A. C. McWATTERS: (a) Yes.

(b) The law places no limit on the hours during which a factory may work: the limits prescribed for individual workers are generally observed.

(c) No. I understand that on some occasions excessive hours have been worked by a number of press employees in Delhi on account of the urgent press of work resulting from the activity of this Chamber and of the Legislative Assembly, and inquiries will be made with a view to the reduction of overtime as far as possible.

(d) No.

(e) Yes, but the dates of inspection are not on record in the Presses. The Delhi Press was last visited by a Factory Inspector in November 1926.

NAMES AND QUALIFICATIONS OF INDIAN MEMBERS OF EXECUTIVE
COUNCILS OF THE DIFFERENT PROVINCIAL GOVERNMENTS FOR
THE LAST SEVEN YEARS.

112. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will Government be pleased to state the names of the Indian Members of the Executive Councils of the different provincial Governments for the last seven years together with their qualifications?

THE HONOURABLE MR. H. G. HAIG: The names required by the Honourable Member are to be found in works of reference available in the Library. The qualification for a Member of Council is that he is considered the most suitable person for appointment.

THE BUDGET FOR 1927-28.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I rise to present the Statement of the estimated expenditure and revenue of the Governor General in Council for the year 1927-28 in respect of subjects other than Railways.

In the forefront of a Budget statement it is usual to deal at some length with the recorded experience of the past financial year and thereafter to review the experience of the current year comparing these experiences with the anticipations of the Budget statement made a year ago. This is as it were the preparation of the stage upon which will be presented the theme, so eagerly awaited, of the budget proposals for the year to come. I will endeavour not to dwell too long on these preparations.

2. For the third year in succession the actual results of the past financial year have shown a marked improvement upon the revised estimates. The revised estimate for 1925-26 indicated the probability of a surplus of 180 lakhs. The audited accounts present us with a surplus of 331 lakhs, or 2 crores more than the anticipation. It may be said that this result, however welcome, indicated that our estimates were unduly cautious, but so numerous and varied are the factors which have to be weighed when the revised estimate is prepared that it is hard to avoid the tendency to underestimate revenue and overestimate expenditure; when all is said, the actual variation from the estimated surplus is well under 1 per cent. of our gross revenue or expenditure. Owing to exceptionally high returns in the last two months of

1925-26 the Customs revenue improved by nearly a crore over the revised estimate, while Railways, Posts and Telegraphs and the Military estimates account between them for an improvement of 60 lakhs. The balance of the improvement is distributed without any very marked variation under any particular head.

3. The visible balance of trade, including private imports of treasure, Review of the year was in favour of India at the end of January to the 1926-27. extent of 27 crores as against over 85½ crores for the same period a year ago, the decrease being mainly explained by the fall in the value of exports of jute and cotton and the general lateness of the season, but there is every reason to expect considerable expansion in exports during the remainder of the year. Generally speaking, the year may be said to have been good for trade except perhaps for the depression in cotton, where a fall in prices, overdue though it was, has temporarily increased the difficulties of the industry, but much may be expected from a combination of increased demand and cheaper production. The position would have been more satisfactory but for the deterrent influences of the coal strike in England and the Civil War in China. The coal strike has, however, resulted in export of coal almost treble in value, and it may be hoped that with improved arrangements some part of the extended market may be retained.

To the effects of a late season was added uncertainty regarding the stability of exchange which vitiated that atmosphere of security without which sound business cannot thrive. The most notable feature in the money market in 1926 was exceptional absence of stringency. The concentration into the first months of 1927 of the seasonal demands, which ordinarily set in from October and special reasons for hesitation in the exchange market have led to a rise in the Bank rate to 7 per cent., a figure usual at this period of the year but not touched between May 1925 and February 1927. But even so, the stringency is less marked than in 1923-24 and 1924-25

4. In the current year it is anticipated that Customs receipts will exceed the budget estimate of 46·4 crores by 1·3 Revenue, 1926-27. crores, mainly due to improved receipts from sugar and protective duties. In 1925-26 the receipts from sugar amounted to nearly 6½ crores or nearly double the receipts of 1923-24. In the budget of the current year, Government adopted a conservative figure of 5·7 crores, but the revised estimate exceeds this figure by 1½ crores. For protective duties the estimate was 2·35 crores; it now appears that the yield will be nearly 50 lakhs more, and thus it appears that protective duties have not only fulfilled their purpose, but have also proved unexpectedly fructuous in revenue.

5. The yield from the taxation of incomes is now anticipated at Rs. 29 lakhs below the estimate of 16·15 crores, but this is Taxes on Income. almost entirely due to increased refunds in connection with double income-tax relief following upon a deduction in the rate of income-tax in Great Britain.

6. The recent receipts from Salt appear to be affected by the perennial hope of reduction in the duty, and it is deemed wise Salt and Opium. to reduce the estimate of 6·9 crores by 20 lakhs. On the other hand, we may hope for an improvement in net Opium receipts

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of 86 lakhs. This is due to the fact that Government framed a very cautious estimate of the immediate effect of their policy of reduction of exports of opium as the new arrangements had not then been concluded. Also, on the expenditure side, liabilities are reduced by 48 lakhs in payment to cultivators owing to a scanty crop.

7. The Railway contribution of 6.01 crores remains unaltered, and the only important variation under other heads is an unexpected receipt of 31 lakhs for reparations from Germany. As this relates to a period before April 1926, it is not taken to avoidance of debt under the provisions of the Finance Act of 1926.

8. The most important variation arises under the Military Estimates. The original figure was 54.88 crores. The revised estimate indicates an excess of 67 lakhs. I may explain that when I framed the original estimate as Financial Adviser, the position as regards requirements of Ordnance supply—which is one of the heaviest items of Army expenditure—was not fully known. The Army had been drawing for a long time on surplus war stores, and it was becoming clear that this reserve could not last much longer. An expert inquiry was instituted by His Excellency the Commander-in-Chief into the present position and future demands of the arsenals, and the result was that it was found necessary to provide an additional grant to meet deficiencies in essential requirements, the greater part being a recurring charge owing to the exhaustion of the surplus. Losses by fire of essential stores at Rawalpindi and Ambala necessitated replacement at considerable cost. On the civil side we have a saving of 82 lakhs on interest on debt owing to the reduction in the rate of interest on new borrowings and a further saving of 18 lakhs in the cost of Civil Administration.

9. The net result of the variations in revenue and expenditure is that we have every reason to anticipate a surplus of 3.10 crores in the current financial year compared with an actual surplus of nearly 3 1/3 crores in 1925-26. This is the fourth surplus in succession.

Revenue 1927-28.

10. I now turn to the estimates for the ensuing year 1927-28. It is anticipated that the Customs revenue will bring in 49.15 crores, or 146 lakhs more than the revised estimate of the current year, and this is after allowance for about 40 lakhs less in the revenue from protective duty on steel owing to the effect of the new Bill. Allowance is also made for somewhat reduced imports of sugar and for normal expansion under continued favourable conditions under other heads.

11. We may anticipate slightly more profitable trade as the basis of assessment and also a further yield due to the substitution of tax-subject for tax-free securities. In the result it is hoped to secure 16.5 crores next year under this head, or 65 lakhs over the revised estimate.

12. The original estimate of revenue from Salt duty for 1926-27 was 6.9 crores. Allowing for normal growth in consumption it is proposed to adopt 7 crores for 1927-28. Under the Opium head, it is necessary to allow for a reduction of 10 per

cent. in exports as a result of Government's declared policy but expenditure will also be reduced owing to the smaller area under cultivation. As a result the net revenue is estimated at 2·92 crores as compared with 3·12 in the current year.

13. The net receipts from Railways in 1925-26 were considerably lower than in 1924-25, and therefore the contribution for
 Other heads. next year falls to 5·48 crores as compared with 6·01 in the current year. Receipts under all other civil heads of revenue are estimated at 15·7 crores, a reduction of 174 lakhs in the original estimate for 1926-27.

The estimate assumes that we continue to credit to revenue the excess over £40 million in the Gold Standard Reserve and the income from investments of the Paper Currency Reserve pending the establishment of the Reserve Bank. This income is of course diminished in consequence of the reduction of the sterling and Government of India rupee securities in the latter Reserve.

14. The total estimate of revenue for 1927-28 comes to 128·96 crores as compared with a revised estimate of 130·25 crores for the current year. The reduction is partly due to the reduced Army receipts under the new system of accounts which dispenses with cost account or book transaction receipts hitherto shown in the Military Estimates.

Expenditure in 1927-28.

15. The net Military expenditure is estimated at 54·92 crores or practically the same as the original estimate but 63 lakhs
 Military. less than the revised estimate of the current year. A saving of 64 lakhs is secured by the cessation of gratuities for demobilised officers, but this saving is counterbalanced by increased charges on ordnance supply to which I have already referred and by the necessary expansion of the Air Force and improvement of the barrack accommodation of Indian and British troops. At this point, I would invite the attention of the House to the very real reduction in Military expenditure since 1921-22. In that year, it stood at near 70 crores. In 1923-24, following on Lord Inchcape's inquiry it fell to 56½ crores, and for next year, despite revisions of pay and other improvements mentioned above, the cost of defence is reduced to 54·9 crores.

I have already referred to the fact that the Army has gradually come to an end of its surplus war stocks, and to maintain its efficiency must now obtain funds for new purchases and manufactures provision for which is included in next year's estimate. If an army of the present authorised strength is to be maintained in a state of full efficiency, it seems probable that the scale of military expenditure has now almost touched its lowest point on the basis of present prices and strictest economy will be necessary to counteract the tendency to increase

I may add, that next year's estimate includes an addition of 5 lakhs for the new Royal Indian Navy.

16. The principal variation is a saving of nearly 2 crores under the head
 Civil Expenditure. of "Interest on dead-weight Debt" as compared with 12½ crores in the Budget for the current year.

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Steady adherence to the programme of making regular provision for the reduction and avoidance of debt and the confining of the new borrowings to productive purposes brings in an annual dividend to the tax-payer in the shape of an increasing saving in interest charges on dead-weight debt. The saving in gross interest charges is even more striking owing to the advantage of lower interest on capital newly invested in productive works of development. This benefit accrues not only to the Railway, Irrigation and Forest Departments, but also to the Provincial Governments, which gain materially from the reduction of interest which they pay on their borrowings, whether from the Provincial Loans Fund or direct from the open market.

17. Under the heads of Civil Expenditure, there are no very important variations, but I shall refer at a later stage to special provision which is being made next year for the inauguration of a five-year programme for the improvement of education in the territories under the immediate control of the Government of India. There is also provision of Rs. 8 lakhs for beginning the erection of an India House in London.

18. In the current year it was estimated that the Indian Posts and Telegraphs Department would show in its accounts a loss of 10 lakhs on the working of the year. The revised estimate shows a slight improvement and the loss should be only 7 lakhs. In 1927-28 it is expected that the gross receipts of the Department will be 10·8 crores, while working expenses, together with the interests charged on the capital of the Department, amount to a figure in excess over revenue of only three-quarters of a lakh. The working expenses, I may add, include special provision of over 12 lakhs for the improvement of the pay and allowances of certain sections of the subordinate staff, whose grievances have been under examination.

The Indian Post and Telegraph Department is now regarded as an organisation working on commercial lines and paying interest on the capital locked up in its activities. It aims at the supply of postal and telegraph facilities to the public to the fullest extent compatible with the fundamental principle that such a service department must not be a burden upon the general tax-payer. In normal conditions, therefore, the gross revenue should suffice to cover the working expenses and the payment of interest on capital. As trade improves, it may be hoped that the Department will eventually be able to show some substantial profit, but for the present it is clear that no important reduction is possible in the existing rates for telegrams and postal articles save at the cost of a subsidy from the general tax-payer towards the working expenses of the Department.

19. I have now reviewed the salient features of the revenue and expenditure of the coming financial year. In the final result as against a revenue of 128·96 crores, the expenditure of the year is reckoned at 125·26 crores and we may thus confidently expect a surplus of 3·7 crores in the ensuing year, or just about one lakh for each day of the year. The House will recollect that the actual surplus of the past year was 3·31 crores and the surplus of the current year is also expected to prove slightly over three crores. Before I proceed to disclose the budget proposals as regards taxation and the disposal of the surplus, I would detain the House for a little space on the very important subject of ways and means and the public debt.

20. The position may be briefly summarised as follows :—

	Revised, 1926-27.	Budget, 1927-28.
	(Crores of rupees.)	
<i>Liabilities.</i>		
Railway capital outlay	27	25
Other Capital Outlay (Delhi Posts and Telegraphs, etc.)	2	2.2
Transactions of Provincial Governments	8.9	6.4
Discharge of debt (net).	37	20.5
	<hr/> 74.9	<hr/> 54.1
<i>Resources.</i>		
Rupee Loan (net).	26	27
Postal Cash Certificates	6.1	5.4
Other unfunded debt (including Postal Savings Bank)	6.6	6.2
Debt redemption	5.1	5.2
Depreciation and Reserve Funds	6.1	2.7
Exchange	10.4	—5
Miscellaneous	4.4	—2.2
Reduction of cash balance	10.2	10.3
	<hr/> 74.9	<hr/> 54.1

21. When the House comes to study these figures at leisure, they will, I am sure, admit that the position is most satisfactory. It will be observed that in the current year the net amount of the new loan was less than the outlay on Railway capital expenditure and considerably less than the total figure of productive capital outlay. In 1926-27, Government borrowed 26 crores but will have discharged debt to the extent of 37 crores including over 8 crores of Treasury Bills in the Paper Currency Reserve. Next year Government expect to discharge about 18 crores of debt in India while the provisional figure for the rupee loan in the open market is 27 crores. Government hope in 1927-28 to finance its capital programme of some 27 crores on productive enterprises in 1927-28 while the market will be asked for less than Rs. 10 crores of new money. In these circumstances, Government have every reason to hope that this sum, together with the requirements to replace maturing debt, including possibly some debt maturing after 1927, will be forthcoming on favourable terms.

22. As the House is aware, no new sterling loan has been issued since May 1923 and the Budget of 1927-28 includes no provision for any external loans. Since the last sterling loan was taken in 1923-24, Government have spent outside India a total of £36 million including over £26 million for capital outlay and £10 million on reduction of sterling debt without resort to external borrowing. Next year Government expect to incur nearly £11½ million on capital account and reduction of sterling debt, so that if sterling borrowing is avoided next year, they will have met in that short period

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since 1923-24 some £48 million of capital disbursements outside India without exceeding internal resources.

The revised remittance programme for the current year is £27½ million both on capital and revenue account and Government expect that the amount required next year will be £35½ million.

23. The credit of India as reflected in the market price of Indian Government securities has again improved, and the market price of 5 per cent. tax-free loan 1945-55 has increased from Rs. 88 annas 4 on 1st February 1923 to Rs. 107 annas 5 on 1st February 1927. In the similar period the 3½ per cent. Indian Government rupee loan has risen from Rs. 57 to Rs. 77 annas 7. Comparison with the prices of India stock and other stocks in London supports the conclusion which was drawn in last year's budget statement that the credit of the Government of India stands considerably higher in the London market in relation to British Government and other gilt-edged borrowers than it did in 1914 or 1923 or indeed in 1926. While the prices of British Government and other securities have actually gone down during 1926, those of India stock have appreciated. One result has been that very considerable transfers of money from India to London have been made in view of the fact that Indian 3½ per cent. rupee stock has been quoted at a figure appreciably higher than the price in London of India 3½ per cent. sterling stock. This process is not without its temporary inconveniences, for one cause of comparative weakness of exchange in the current year has been the transfer of capital attracted from India to London by reason of the higher rates prevailing there for the greater part of the year; but there is another and a favourable side to the process in that the efforts of Government to reduce India's sterling debt have been supplemented by transactions on the part of individual Indian investors in buying back some part of her sterling loans and transferring them to Indian hands.

24. The position as regards our debt is one of abiding and continuing strength. On the basis of a rupee at 1s. 6d. gold, the Debt. total debt on 31st March last stood at 969 crores. On 31st March 1927, it will stand at 975½ crores, but sterling debt will have decreased from 456½ to 452½ crores. The productive portion of the debt will have increased from 737·9 crores to 773·8 crores, but the unproductive portion shows a welcome reduction by nearly 30 crores to 201·7 crores. The effect of this satisfactory position on expenditure and on the rate of interest at which Government borrow in India is considerable. Mainly as a result of the settled policy of making regular provision for the reduction and avoidance of debt Government were able to borrow in 1926 at 4·69 per cent. subject to income-tax as compared with 6 per cent. tax-free in 1922, while the interest charge in 1927-28 for dead-weight debt is about 5½ crores less than in 1923-24. This saving is considerably larger than the total amount which is at present set aside annually for reduction or avoidance of debt.

25. We have now reached a point in the journey, which I hope has not been barren of interest, at which we can emerge upon the promised land of new budget proposals for which the House has been waiting. I would therefore bring again before the House the salient point that the expected surplus in the ensuing year is 3·70 crores based on the existing level of taxation. So long as 5·45 crores of Provincial contributions apart from Bengal's 68 lakhs are still undischarged and so long as Government adhere to their declared intention

of reduction and final extinction at the earliest possible date of these contributions, they cannot divert any part of their surplus towards reduction of taxation. To do so could only mean a postponement of the happy time when the Provinces will stand free of all tribute to the Central Government. I hope that the House will agree that the general policy as regards taxation ought to be directed first towards a more equitable distribution of the incidence and towards the abolition of taxes which are obnoxious in principle. In this respect, Government have received much valuable assistance from the labours of the Taxation Enquiry Committee whose Report has been under consideration during the year. When finances permit and when the Central Government breathes in a freer atmosphere of relief from the obsession of Provincial contributions, they can then direct their aim to the gradual reduction of taxation with regard solely to the position of the Central Administration. For 1927-28 they can do no more than effect minor changes which will not materially affect the surplus of revenue over expenditure.

26. I will briefly summarise the proposals in this respect. It is proposed that the export duty on tea and on hides should be abolished, that the import duty on motor cars etc., should be reduced from 30 to 20 per cent. *ad valorem* and the duty on tyres from 30 to 15 per cent. The stamp duty on cheques and other bills of exchange payable on demand will also disappear, and the import duty of 15 per cent. on rubber stumps and seeds will be abandoned. On the other side, it is proposed to raise the import duty on unmanufactured tobacco from Re. 1 to Rs. 1-8-0 per pound and to assess the profits of tea companies at 50 per cent. of their total net income subject to certain conditions instead of the percentage of 25 per cent. of profits which is at present in force. The net result of these changes will be an immediate reduction of 51 lakhs under Customs which will be counterbalanced by an increase of 45 lakhs under Taxes on Income. The net loss of 6 lakhs will reduce the surplus of 370 lakhs to 364 lakhs.

27. I will next deal shortly with each of these proposals.

(a) The *export duty on hides* has been condemned by the Taxation Enquiry Committee as wrong in principle and dangerous in its effects. The industry is at present in a depressed condition and for some years the only justification for retaining the duty has been based on revenue grounds. On the other hand, the duty on skins, though open to the same objection, is more productive and much less harmful to the trade and Government do not feel that they are in a position this year to propose its reduction or abolition. The immediate abolition of the duty on hides will involve a loss of 9 lakhs of revenue.

(b) The *export duty on tea* brings in 50 lakhs a year, but for the reasons which I have already given, Government cannot contemplate a loss in revenue of this magnitude without some countervailing increase elsewhere. Happily they are able to effect this counterbalance by a measure which will afford the additional revenue from the tea industry itself, while it will actually distribute the incidence of taxation in a more equitable manner.

At present the tea companies are charged income-tax on only 25 per cent. of their profits, the remaining 75 per cent. being accounted as profits from agriculture and so untaxable. This proportion was arrived at some years ago on very imperfect data and has since been under investigation for some time. On the better data now available it is evident

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that the non-agricultural portion of the profits ought to be assessed at 50 per cent. at the very least and this, it is proposed to do, with the proviso that where there is a market for green tea and non-agricultural profits can be exactly ascertained, income-tax should be assessed on the actual total of such profits. Government expect to obtain an additional Rs. 45 lakhs from this change in the proportion and 50 lakhs for 1928-29.

(c) The next proposal is one which Government have reason to believe will be universally popular, that is a *reduction in the import duty on motor cars* from 30 to 20 per cent. and in tyres to 15 per cent. Allowing for the stimulus to imports which this duty should give, the loss should not exceed 10 lakhs. The reduction is in accordance with the views of the Taxation Enquiry Committee which had in mind the desirability of encouraging the development of motor transport in India in every possible way. And if Provincial Governments take the opportunity of increasing local taxation of users of motor cars in order to spend more money on road communications, who shall say them nay.

(d) The removal of rubber stumps and seeds to the free import list is proposed, as the present duty is found to hamper an adolescent industry in Burma and the Government of Burma have made a special representation to the Government of India. The loss of revenue is inconsiderable.

(e) I now pass to the abolition of the duty of one anna on cheques and bills of exchange payable on demand. This measure follows the recommendations of the Currency Commission and has received support from many other quarters with the object of stimulating the development of the banking habit in India. For the present, it is not proposed to touch the stamp duty on other bills of exchange which would involve a heavy loss of revenue amounting to 25 lakhs. This question will be further considered. The abolition now proposed will have effect from 1st July in order to allow banks time to make necessary preparations. The loss next year will be about 5 lakhs. It will fall temporarily on Provincial Governments, but it is not material and Government do not propose to compensate the provinces in view of the substantial measures of relief in other directions which I will shortly describe to the House and also because it is hoped that in a year's time a new distribution of stamp revenue under central and provincial heads, coupled with a revision of the Devolution Rules regarding income-tax, will make good any loss on this account.

(f) Lastly, *raising of the import duty on unmanufactured tobacco* is a measure which is entirely justified as a means of making up the loss from the adjustments to which I have just referred. The statistics of the Indian cigarette industry prove that it has reached a very strong position. The increased duty is not likely to affect the industry to any material extent while it will afford some additional protection to Indian grown tobacco. The increased revenue is expected to be 18 lakhs.

28. The disposal of the surplus of 3.64 crores is now for consideration.

Final proposals. Government have every reason to expect that it will be a recurring surplus having regard to all liabilities

which can be foreseen including the inauguration of the Reserve Bank and to the natural growth of the revenues and further reductions in interest and other charges. This being so, I am sure that the House will agree that the proper course must be to devote the surplus to the permanent reduction by 3½ crores of the Provincial contributions, the distribution being

made strictly in accordance with the Devolution Rules. Bengal is still entitled to remission of her contribution in 1927-28: otherwise, she would have been entitled to a share in the permanent remission of $8\frac{1}{2}$ crores to the extent of 9 lakhs.

The further reduction of the Provincial contributions to the extent of $3\frac{1}{2}$ crores will leave only 195 lakhs unremitted, excluding Bengal. Yet there are many and forceful reasons why a clean sweep should be made of these contributions which stand in the way of provincial autonomy and development. More especially convincing is the appeal from Bombay which would obtain relief from the 350 lakhs to the extent of only 19 lakhs out of her contribution of 56 lakhs. Bombay is faced with a heavy deficit in the current year and with the prospect of a further heavy deficit of 51 lakhs in the ensuing year if the provincial contribution is still to be levied. Various causes will no doubt be assigned for the present misfortunes of Bombay, but whatever they may be, we cannot but in fairness recognise that the existing Devolution Rule 15, which was intended to give provinces a share of the proceeds of the income-tax, has miserably failed of its purpose in the case of Bombay and Bengal which it was designed to benefit and this because the year which was selected as the criterion happened to be one which in the event was unfavourable. Bengal has already got compensation by reason of the remission of her contribution since 1922-23 a gift of over 3 crores in the aggregate, but Bombay has received only one special non-recurring reduction of 22 lakhs in 1925-26. In these circumstances, the Government of India are convinced that a very special effort must be made in 1927-28 on behalf of Bombay, but they are equally convinced that any relief can only be given in strict accordance with the Devolution Rules. Otherwise that relief could only be given at the ultimate expense of other provinces. Some way must be found and the Government of India propose to find it by having recourse to the realised surplus of 1926-27. This is estimated at 3.10 crores. It has been decided that the best solution of the problem will be to use part of this surplus to remit the whole of the Provincial contributions in 1927-28. Only by this means can Government meet Bombay's undoubted claims in full measure without infringing the rights of other provinces. The latter on the contrary will also obtain additional and welcome relief by the remission of their remaining contributions in toto for 1927-28. Even the little province of Coorg will obtain relief to the extent of Rs. 12,000 which is her special contribution.

29. The following are the shares of the recurring remission of 350 lakhs and of the non-recurring remission of 258 lakhs (including Bengal):

	Recurring.	Non-recurring.
Madras	116	49
Bombay'	19	37
Bengal	9	54
United Provinces	99	52
Punjab	60	26
Burma	31	19
Central Provinces	8	14
Assam	8	7
	<hr/> 3,50	<hr/> 2,58

[Mr. A. F. L. Brayne.]

30. These measures will exhaust the estimated surplus in 1927-28 and will mean that the surplus of the current year will be drawn upon to the extent of 181 lakhs. While the needs of Bombay are met so far as her budget position for 1927-28 is concerned, she still has some further expectations in view of the operation of the Devolution Rule in the past. It is therefore proposed that a further sum of Rs. 28 lakhs out of the remaining surplus of 129 lakhs for the current year should be devoted to relieving Bombay of half her contribution for the current year also on condition that her budget for 1927-28 shows a balance on the right side.

31. After these transactions, the estimated surplus for 1926-27 will still show a balance of just over a crore of rupees. I have already briefly referred to a possible temporary difficulty in the future in connection with the inauguration of the Reserve Bank and the Gold Bullion Standard, and it is undesirable that there should be a special call on the tax-payer or a dislocation of normal budget arrangements to meet this temporary demand. Therefore, Government propose to set aside in reserve the remainder of the realised surplus of the current year either to relieve the budgets of 1928-29 and 1929-30 of the temporary charges incidental to the new currency system or to strengthen the reserves to be handed over to the new Bank as cover for the note issue or for both purposes as circumstances require.

The procedure which is proposed is the opening of a special Deposit account to which will be paid the whole of the realised surplus for 1926-27. In the estimated receipts for 1927-28 will be included a transfer from this Reserve Account equivalent to the amount required to balance revenue and expenditure in 1927-28, on present estimates Rs. 1.81 crores. The amount finally credited will be just such sum as may ultimately prove necessary to bridge the final gaps between expenditure and ordinary revenue of the year. In order to effect this Government propose to present in another place a supplementary estimate to cover the transfer to the special reserve of the surplus of 1926-27.

32. I must, however, emphasise most clearly the fact that the non-recurrent remissions of the provincial contributions must be regarded as definitely temporary so that if a recurring surplus is not available a year hence to enable Government to make this remission a permanent feature, it will be necessary either to restore the temporarily remitted contributions in whole or in part or else to propose fresh taxation. Thus though Government formally protect the future by making part of the remission for one year only, they are taking the risk that if the monsoon of 1927 is specially unfavourable they will be faced with difficulty. There is a further possible criticism that the realised surplus of 1926-27 is being diverted from its proper application to the reduction and avoidance of debt, but the answer is effective. A succession of realised surpluses has enabled Government to outdistance the programme of debt redemption in the last few years while the fixed programme remains unmodified and for this is already provided 512 lakhs in 1927-28. Government can therefore with a clear conscience make the concession proposed to secure those advantages for India economic and social and the stimulus to the successful working of the Reforms which will flow from the release to the provinces

of 545 lakhs for expenditure on the nation-building services which all true friends of India and of the Reforms have so deeply at heart. Further, for the first time since the Reforms the Central Budget will be free of assistance from the provincial tax-payer and free from an incubus which has strained mutual relations and hampered development on all sides.

33. I can hear the question put: While the Government of India have the interests of the Provincial Governments at heart, do they actually propose to neglect those areas for the administration of which they are directly responsible because their claims are uttered with a still small voice? In dealing with the expenditure of 1927-28 I have already alluded briefly to the inauguration of a scheme of educational development which will be spread over five years in the frontier provinces and other administrations under the Central Government. This connotes additional non-recurring expenditure of nearly 30 lakhs in the five years and additional recurring expenditure rising from 4 lakhs in 1927-28 to 10½ lakhs in 1931-32. The total additional sum provided for next year and included before the surplus was arrived at is Rs. 12 lakhs. Similar schemes for sanitation and other services are under preparation but are not yet ready. It is undoubtedly the case that development in these areas was cramped by necessarily drastic measures of retrenchment and by the pressure of the claims of the major provinces, but the time is now at hand when the Government of India can hope to meet the most pressing claims of their own citizens to a definite share in the funds that may be available for nation-building activities.

34. Thus, Sir, I conclude the Budget Statement for 1927-28, a statement which is bright with promise and which should still further develop and consolidate the sound position of India's credit internally and externally alike. It is a statement which, as the House will have realised, is based on the assumption that there will be no departure from the established exchange rate of 1s. 6d. per rupee. As the House will desire to know what effect a reduction of the rate of exchange from 1s. 6d. to 1s. 4d. would have on the Budget, I have circulated a statement showing in some detail what that effect would be, having regard to the many difficult and varied considerations which must enter into the calculations. The conclusion arrived at, on the assumption that during 1927-28 it will be unnecessary to compensate any Government employee in any way for a reduction of about 11 per cent. in their real wages, is that the reduction of the ratio to 1s. 4d. would result in a worsening of the position by over 5½ crores.

It is no part of my duty to-day on behalf of Government to make any suggestions as to how the resulting deficit of over 1½ crores should be covered. The ratio controversy will be discussed on its merits next week, and it will be time enough, when that controversy has been settled, to consider any reactions of the decision upon the budget which I have laid before the House to-day. But if Government are correct in their contention that an arbitrary reduction in the exchange value of the rupee will bring no permanent benefit whatever to India, but will, on the contrary, involve immediate and heavy sacrifice and loss, then surely the large sacrifice involved in the dislocation of this budget, though not necessarily the most serious of the sacrifices which would be incurred, is a relevant and important consideration which it would have been folly to ignore or obscure.

[Mr. A. F. L. Brayne.]

35. With these words, Sir, I conclude what has been to me the great fortune and the esteemed privilege of presenting the first budget statement in this new and spacious abode of the Council of State. I sincerely trust that the proposals will meet with the approval of this Honourable House and that they will prove to be a happy augury for the long succession of budgets which these walls will hear pronounced in the years to come.

THE HONOURABLE THE PRESIDENT: I have to communicate to the Council an Order of His Excellency the Governor General. It runs as follows:

"In pursuance of the provisions of sub-section (3) of section 67A of the Government of India Act, I hereby direct that the heads of expenditure specified in that sub-section shall be open to discussion by the Council of State when the Budget is under consideration."

Sd. IRWIN.

21-1-27.

Governor General."

The Council then adjourned till Eleven of the Clock on Tuesday, the 1st March, 1927,

COUNCIL OF STATE.

Tuesday, 1st March, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

REMOVAL OF "MORE" RAILWAY STATION ON THE EAST INDIAN RAILWAY TO THE VILLAGE OF KANDHAICHAK.

113. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: (a) Has the attention of the Government been drawn to the petition, addressed to the Divisional Superintendent of Railways, Dinapore, under the signature of the inhabitants of village Kandhaichak in the sub-division of Barh, District Patna, in the province of Bihar and Orissa, urging the necessity of removing the present East Indian Railway station "More" to the said village Kandhaichak, or, in the alternative, of providing a flag station at Kandhaichak?

(b) Do Government propose to take any action in the matter? If not, why not?

THE HONOURABLE MR. G. L. CORBETT: (a) Government understand that such a petition has been received from the inhabitants of village Kandhaipur, which is only one mile and one furlong from "More" station. This station is nearly midway between the stations on either side of it and has been in use for many years and the site is considered suitable.

(b) Government do not propose to take any action in the matter.

AMOUNT OF EXCESS FARES REALISED BY TRAVELLING TICKET INSPECTORS ON STATE RAILWAYS.

114. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: (a) Will Government be pleased to state if there is any truth in the report that Travelling Ticket Inspectors on State Railways are required to realise a fixed amount every month as excess fares and fines from passengers?

(b) Is it a fact that the minimum amount, so fixed, is equal to the monthly pay drawn by the Travelling Ticket Inspector concerned?

(c) Is it a fact that any difference between the pay and the money realised by a particular Travelling Ticket Inspector is made up from the pay of that officer and is treated as a fine?

(d) If the answers to (a), (b) and (c) are in the affirmative, do Government propose to put a stop to this procedure?

THE HONOURABLE MR. G. L. CORBETT: The Government have no reason to believe that there is any truth in the report, but are making inquiries.

NOMINATION OF THE ACCOUNTANT OF THE JAMALPUR STATE RAILWAY
WORKSHOP AS A MEMBER OF THE BIHAR AND ORISSA
LEGISLATIVE COUNCIL

115. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: (a) Will the Government be pleased to state if the Accountant of the Jamalpur State Railway Workshop is a Government servant?

(b) Is it a fact that he has been nominated to the Bihar and Orissa Legislative Council as a representative of labour interest?

(c) If the answers to (a) and (b) are in the affirmative, will Government be pleased to state whether the said Accountant of the Jamalpur State Railway Workshop is an official or non-official Member of the Bihar and Orissa Legislative Council?

THE HONOURABLE MR. H. G. HAIG: (a) Yes.

(b) and (c) These matters are, under the Electoral Rules, within the competence of the Governor of Bihar and Orissa.

STATEMENT LAID ON THE TABLE.

THE HONOURABLE MR. G. L. CORBETT (Commerce Secretary): Sir, I lay on the table a list of further commercial treaties* which affect India.

REPEALING AND AMENDING BILL.

THE HONOURABLE MR. S. R. DAS (Law Member): Sir, I move for leave to introduce a Bill to amend certain enactments and to repeal certain other enactments.

I need not go into details in a measure like this at this stage. It is the usual amending and repealing Bill bringing some of the Acts up to date. I would only draw the attention of the House to the amendment in the Transfer of Property Act. By Act XXVII of 1926 attestation in the Transfer of Property Act was put on the same footing as attestation by a will, that is to say, the attesting witnesses need not be present at the time the document is executed. The Allahabad High Court recently held that that definition only applied to transactions after the Act came into force and had not retrospective effect, and the object of this amendment is to make that definition retrospective. Most of the other or at least a large number of the other amendments are designed with a view to place the Royal Air Force on the same footing as the Land Forces.

The motion was adopted.

THE HONOURABLE MR. S. R. DAS: I introduce the Bill, Sir.

SEA CUSTOMS (AMENDMENT) BILL.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I move for leave to introduce a Bill further to amend the Sea Customs Act, 1878, for a certain purpose.

The Sea Customs Act allows a partial rebate of duty in case of goods deteriorated or damaged prior to their entry where the duty leviable is *ad valorem*, but it does not allow a rebate of duty where the duty is levied on quantity and not on value. Since the Act was framed the number of specific duties has increased and a number of them have been substituted for *ad valorem* duties with the result that certain articles, such as sugar and paper, no longer get this concession. The object of the Bill is to give power to Government to sanction a rebate of specific duty. Sir, I move for leave.

The motion was adopted.

THE HONOURABLE MR. A. F. L. BRAYNE: Sir, I introduce the Bill.

STEEL INDUSTRY (PROTECTION) BILL.

THE HONOURABLE SIR GEORGE RAINY (Commerce Department: Nominated Official): Sir, I rise to move that the Bill for the continuance of the protection of the steel industry in British India, as passed by the Legislative Assembly, be taken into consideration.

It is with some diffidence, Mr. President, that I appear before this Council to address them on the subject of steel. After having unburdened my soul on that subject in no less than three voluminous reports, Honourable Members of this Council will be justified in supposing that I could have nothing fresh to say to which it was worth their while to listen. If any misgiving of that kind should linger in the breast of any Honourable Member, I can only assure him of my whole-hearted sympathy. If, as I have been told, a perusal of a Tariff Board Report involves a certain mental strain, I would ask the Council to consider what it must mean to write one. But fortunately, Mr. President, my task to-day does not make it necessary that I should trouble the Council with any speculations of my own on the subject of steel. What I have to do to-day is to explain, if I can, proposals which did not originate with me, though they have my whole-hearted support. These proposals were drawn up by Mr. Ginwala and his colleagues on the Tariff Board and they have been accepted by the Government of India and are embodied in the Bill.

When the Tariff Board commenced their original inquiry into the steel industry in July 1923, the problem which chiefly exercised the minds of Members then, and for some months afterwards, was the question whether the steel industry deserved to be protected, that is to say, whether it fulfilled the conditions which, in the opinion of the Fiscal Commission, should be satisfied before protection is given. That question was clearly fundamental, for unless an affirmative answer could be given, the case was at an end, and it would have been unnecessary to pursue the investigation further. As every Member of this House knows, the Tariff Board in their first inquiry returned an emphatic affirmative to that question, and said that the steel industry unquestionably satisfied all the conditions and that it ought to be protected. The verdict of the Tariff Board was accepted

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by the Government of India and by the Legislature, and the principle of protecting the steel industry finds a place in the Preamble to the Act of 1924, and will again find a place in the Act of 1927, if the Bill is passed into law. Therefore, the Tariff Board on this occasion had in some respects rather a lighter task. They had not to consider the fundamental question whether the industry deserved protection, and the primary problem to which they had to address themselves was whether the industry needed protection. If they found that it did, they had to go on to three subsidiary problems, namely, for what period the measures they recommended should operate, the amount of protection required and the form in which it should be given, or to put it more briefly, how long, how much and what method. These are the three branches of the subject, and I think it will meet the convenience of the Council if I discuss the various points that arise in that order.

Now, on the primary issue the verdict of the Tariff Board was this, that protection is still needed. But I would draw the attention of the Council to one important fact, that there are already three classes of steel made at Jamshedpur for which no protection is needed. These are fish-plates, tin bar and steel sleepers. There are also two very important classes of steel which now require only a very small amount of protection. These are heavy and medium rails and galvanised sheets on which the duty proposed is about 12½ per cent. *ad valorem*. For the other classes of steel made at Jamshedpur the revised duty would give quite inadequate protection and a substantial addition to it is therefore necessary. Then there is another important fact that I should like to make clear to the House, that for every class of steel made at Jamshedpur, with the single exception of black sheet, the protection required in 1927 is less than the protection given in 1924. This can be seen most easily by looking at Table XXII on page 55 of the Report. The Board in that Table state what the protective duties on certain kinds of steel ought to be, if they were fixed as in 1924 on a weighted average of British and Continental prices. Now, if the duties fixed in 1924 are compared with the duties in the Table to which I have referred, the comparison is as follows: The duty on structural sections comes down from Rs. 30 a ton to Rs. 25 a ton; on bars from Rs. 40 a ton to Rs. 35 a ton, and on plates from Rs. 30 a ton to Rs. 26 a ton. In addition the duty on galvanised sheets comes down from Rs. 45 a ton to Rs. 30 a ton, while the heavy and medium rails which during the last three years have been receiving bounties at a rate gradually decreasing from Rs. 32 to Rs. 20 a ton, in addition to a duty of Rs. 14 a ton, will now be protected only by a duty of Rs. 13 a ton and will receive no bounties. I say these are important facts, and I do so because there were reasons which rather suggested that the industry might require not less protection in 1927 but more protection. Since 1924, there has been a very heavy decrease in the world prices of all kinds of steel, especially of Continental steel. Also, the Indian manufacturer during the next seven years will have to sell a much higher proportion of his output in competition with Continental steel than he has been doing during the last three years. Both these facts are reasons which might have led us to expect that the protection required this year would be high. Now, it is natural to inquire what is the reason why the industry is now able to meet the competition of imported steel with less protection than it has been receiving during the last three years? The explanation is to be found

in two facts. Heavy as the drop has been in the prices of imported steel, the cost of production has come down even more substantially, while the output of finished steel at Jamshedpur promises to be half as large again as the output which was believed to be the full capacity of the works in 1924. In March, 1924, the Tariff Board estimated that the output of steel at Jamshedpur would be 250,000 tons in 1924-25, 335,000 tons in 1925-26, and 390,000 tons in 1926-27, and as the output went up, they anticipated that the cost of manufacture would steadily fall, but they were unable to estimate the rapidity of the process. In their opinion there were too many doubtful factors involved to justify any prediction on the subject, and they limited themselves to the statement that a transition period of several years was inevitable during which the works costs would gradually fall from about Rs. 130 a ton to some figure in the neighbourhood of Rs. 100 a ton. The Board's estimate of the output has turned out to be very near the mark, and I can only suppose that the Tata Iron and Steel Company, with a docility which I cannot sufficiently commend, applied themselves to the task of verifying the Board's prediction. In 1924-25, the Company produced almost exactly 250,000 tons of finished steel. In the following year, they fell a little short, the output being about 15,000 tons less than the Board's forecast, while, in the current year, it is expected that they will produce about 380,000 tons of finished steel, which is close to, but not quite as large as, the Board's figure. The fall in the cost of production, on the other hand, has gone on much faster than the Board expected. In August 1926, when the protective scheme had been in operation for less than 2½ years, the average cost of all finished steel was down to Rs. 98 a ton, and I reveal no secret when I say that since August last, costs have again diminished substantially. What it comes to is this, therefore, that the process which the Board believed would occupy several years has already been completed, and the diminution in cost is still going on. I think, Sir, the Council will admit my claim that these results are remarkable, and that the Government of India and the Legislature have reason to be satisfied with the success which has hitherto attended their policy of protection for steel. The policy of discriminating protection looks forward to a day when the protected industry will be able to throw off its swaddling clothes and meet world competition without extraneous aid. The rapidity with which costs have fallen at Jamshedpur has brought that day much nearer than a good many of us thought it was in 1924, and I frankly admit that my own expectations have been much more than satisfied.

So much for the past. But what of the future? Honourable Members will have seen from the Board's Report that the Tata Iron and Steel Company are about to embark on a programme of extension and development, financed from their depreciation fund, which should gradually raise their output of steel from about 400,000 tons to about 600,000 tons, and should also bring about a heavy reduction in the works cost. Now, the representative of the Company who gave evidence before the Tariff Board expressed his belief that the cost would be reduced to such an extent by April 1934 that it was quite possible that the Company would be able to dispense with any protection beyond what was given by the ordinary revenue duties. The Board did not commit themselves to any definite opinion on this point, but the Company's belief evidently had a good deal to do in influencing the Board's decision that the proper period for which the protective measures should operate was seven years. That brings me to the question

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of the period. Now, it is not always an easy thing to decide, when protection is given, for how long the particular rate of duty recommended should remain without revision. One obvious danger is that, if you make the period too short, there will be this result that the protection given will have to be high and the burden on the consumer heavy. The reason for that is that protection is usually given to infant industries which at the outset have a high cost of production. As they gain experience the cost gradually falls, and as time goes on the need for protection diminishes. But if you take a very short period, then the result is that you have a high scale of protection. In addition to that, there is another objection to a very short period, namely, that you fail to attract fresh capital to the industry. That I regard as an exceedingly important point. I do not think there is any doubt that the period for which the Steel Industry (Protection) Act of 1924 was to operate, namely, three years, was shorter than it should have been in the interests of the industry. The reason why the period had to be so short was, that the conditions were entirely uncertain and it was impossible to predict either the course of prices or the rate at which the cost of production would fall. The Government of India and the Legislature agreed with the Tariff Board that on that occasion it was impossible to legislate for a longer period, but I think that general opinion would have favoured a longer period had it been at all possible. On the other hand, you do not avoid all difficulties if you make the period very long. Here you have an industry with a falling cost of production. If you fix for a long period of years uniform protective duties, they must be fair and reasonable on the average of the whole period. The danger in that case is that the protection will be inadequate at the beginning and excessive at the end, or if you insist on giving adequate protection even at the beginning, the result is that it becomes grossly excessive at the end. Therefore you have got to take that point into consideration, and try to arrive at some mean figure which is neither too short nor too long, but which, on the whole, is the best in the circumstances. Now, I think that the Board would in any case have recommended as long a period as seven years, and possibly they might have made it a little longer. But when the representatives of the industry had volunteered a statement that it was quite possible that after seven years protection would not be needed at all, I think it at once became obvious that it was inadvisable that the protective measures should remain in force after that period.

Now, when the Board came to the question of the amount of protection that was required for each class of steel, they adopted the same method as they followed in their previous reports. In the first place, they determined what was a fair selling price for the Indian manufacturer, and they then attempted to forecast the prices at which imported steel was likely to enter India. The difference between these two prices is the measure of protection required. Whatever the future may have in store for us, the prices of imported steel can at any rate be estimated more confidently to-day than they could be in 1924. I do not suggest that we have any assurance that prices will remain close to the level at which they stood in the early months of 1926, or that the changes may not be considerable, but some of the factors tending to instability have been eliminated during the last three years, and it is not likely that prices will be subject to such violent fluctuations as they have been, or that the changes will almost invariably be in a

downward direction. We may rather expect that prices will move upwards as well as downwards, and that the average price for a period of years will not be very different from the figures taken by the Board. On the other side, in determining the cost of production as an element in the fair selling price, the Board had to face the difficulty that there was a very wide gulf between the costs in August 1926 and the probable cost in 1933-34. Clearly the average cost during the period must be somewhere between these two limits, and the Board have actually taken as the average cost the arithmetic mean. It is in this way they have determined the measure of protection for each class of steel.

I have no doubt that every Member of this Council will agree that the steel industry should receive the protection which it needs, however opinions may differ as to the form in which it should be given. But I believe there is a genuine doubt in some minds whether the protection given will be adequate during the first year or two of the septennium. Now I admit frankly that, if duties are fixed at uniform figures for a period of years during which costs are likely to fall, there is the danger that protection in the first years may be rather too little and in the latter years rather too much, although on the average the amount received is fair and reasonable. That is a difficulty inherent in the facts which it is impossible for us to remove, but there are one or two circumstances which justify the belief that, even in the first year of the scheme, the protection given will not be so small as is sometimes thought. In the first place, the Board took as the average cost the arithmetic mean between the cost in August 1926 and the estimated cost in 1933-34. Now, it is quite certain that the average cost in 1927-28—the first year of the scheme—will be substantially lower than the cost in August 1926. The Tata Iron and Steel Company have already made substantial progress down the ladder of falling costs before the scheme comes into operation at all. In the second place, in fixing the cost of production, the Board took the cost of coal to the Company at Rs. 8 a ton delivered at Jamshedpur, although the actual price at the time they were writing was no more than Rs. 7 a ton. They did this because they believed the average price during the seven years would in fact be higher. As Members of this Council are aware, the Tata Iron and Steel Company purchases a very large proportion of the coal used from certain collieries under long-term contracts by which the price paid is the same as, or greater by 8 annas than, the price paid by the Railway Board for coal of similar quality purchased for the State Railways. Since the Board reported, the contracts for the State Railway coal for 1927-28 have been placed at prices less by 10 annas to 12 annas a ton than the prices paid in 1926-27. Nearly 4 tons of coal are at present required at Jamshedpur to make a ton of steel, so that for each ton of steel it makes, the Company stands to gain from the lower price to the extent of Rs. 2-8-0. On an output of 400,000 tons the total economy thus effected amounts to nearly 10 lakhs of rupees.

I have said that the measure of protection is the difference between the fair selling price for the Indian manufacturer and the estimated price at which imported steel enters India. There is no difficulty on this basis in determining the protection required by two imported classes of rolled steel, namely, heavy and medium rails and galvanised sheet. These classes of steel are almost invariably imported from the United Kingdom, and the only price which need be taken into account is the British price. But as

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regards four other classes of rolled steel, namely, structural sections, bars, plates and black sheet, which are imported both from Great Britain and from the Continent of Europe, the prices of the steel imported from Great Britain are substantially higher than the prices of steel imported from the Continent. The difference between the British and Continental prices of bars and sections, as found by the Board, is Rs. 18 a ton, plates Rs. 23 a ton and black sheet Rs. 31 a ton. These are large differences, and they not only create an obvious difficulty but also suggest certain questions. Clearly before the Board could determine the amount of protection needed, they had to find out whether the Indian steel maker was likely to get the British price, or the Continental price or some price intermediate between the two. They had also to find out who were the principal purchasers of British steel, and who were the people who buy Continental steel. And finally they had to ascertain, if possible, what the reason is why some purchasers are ready to pay the much higher price of British steel.

Mr. President, the Tariff Board have examined all these questions and have given the answers. The Tata Iron and Steel Company sells part of its output to purchasers who are prepared to pay the equivalent of the British price and part to those who will only pay the Continental price. The first class of buyers includes the railways, the authorities responsible for the execution of important public works and the engineering firms who fabricate the steel they buy to supply the needs of large industrial concerns. The second class consists principally of the merchants who cater for the needs of the small consumer, agricultural and industrial, throughout the length and breadth of India. Substantially that is the position. British steel is purchased mainly for purposes where a high factor of safety is necessary, as for example, railway bridges, railway rolling-stock and important buildings. Continental steel is purchased for purposes in which the quality of the steel is not of such high importance. What it comes to is this that the British and Continental steel are not often in direct competition, but each meets a demand which the other cannot meet. Here comes a very important point and it is this. The Indian manufacturer of steel cannot sell his output unless he meets in part both demands. The steel he makes is as good as the British steel, but he cannot get the British price for all that he makes. Part of it he must sell to people who are content with Continental steel and will pay him nothing extra because his steel is better. This is a fact for which allowance has got to be made in any scheme of protection.

I have not yet given the full answer to the question why some purchasers will pay a big extra in order to get British steel. The reason is this. All steel made in the United Kingdom is made to what are known as the British standard specifications which have been laid down by the British Engineering Standards Association in consultation with representatives of users and manufacturers. Their object is twofold—first to ensure the safety of life and property by rendering it possible for the buyer to know exactly what he is getting, and secondly, to facilitate economy of production by standardisation of weights and dimensions. They prescribe in detail the chemical composition of steel, the tests it must satisfy and the weight and dimensions of a given section. Now, all British manufacturers work to these specifications, and they do so quite as much in their own interests as in the interests of the consumer. But the bulk of the Continental steel which is imported

into India does not conform to these or to any other specifications, and it is for this reason that a number of purchasers in India are prepared to pay a higher price for British steel, the point being that, if they buy British steel, they know exactly what they are getting while, if they buy Continental steel, they very often do not. It is true that Continental steel is sometimes sold in India with a certificate that it is up to the British standard, but experience has proved that these certificates are not trustworthy; that is the definite finding of the Tariff Board, which is confirmed by the expert evidence of the Indian Stores Department; and I might refer here to the evidence given before the Board by Mr. Anandji Haridas, one of the leading iron merchants of Calcutta. "Nobody," he said, "would buy joists for building purposes without consulting his engineer, and the engineer would say that he wants a certain strength per foot which he cannot get out of Continental joists." Now, I do not say that steel as good as British steel is not made on the Continent; that would clearly be absurd. What I do say is, that very little of such steel comes to India from the Continent. Large consumers, such as the Railway Board or the Stores Department in London who have their own consulting engineers, can obtain genuine British standard steel from the Continent because they can make proper arrangements to supervise manufacture and test the steel both during and after manufacture. But the Board point out that the general user of steel has no organisation by which, when Continental steel is certified to be of British standard, the value of the certificate can be checked. If, therefore, he wishes to use British standard steel he must use steel either of British or Indian manufacture.

The position with which the Board had to deal was therefore this. A higher quality of steel, which I may call standard steel, is coming to India from Great Britain at a certain price, and a lower quality of steel, which I may call non-standard steel, is coming to India from Belgium and other Continental countries at a much lower price. Which price is to be used to determine the amount of protection required? The Indian manufacturer makes steel of standard quality, but he has to sell part of his output in competition with Continental steel, that is, to purchasers who will not pay anything extra for the superior quality, and will not buy Indian steel at all unless it is as cheap as Continental steel. It clearly will not do to take account only of the British price and ignore the Continental price, for the protection given would be quite inadequate. Let me take concrete figures. The estimated price of British bars is Rs. 108 a ton, and the fair selling price of Indian bars is Rs. 129 a ton, the difference being Rs. 21. But if the duty were fixed at Rs. 21 a ton, Continental bars would be sold at Rs. 111 a ton, and the Indian manufacturer would get a price which was too low by Rs. 18 a ton for all bars sold to the merchants who cater for the bazaar. On the other hand, if the duty is made equal to the difference between the fair selling price and the Continental price the protection given becomes altogether excessive and an unnecessarily heavy burden is placed upon the consumer. The duty on imported bars would be Rs. 39 a ton, and the buyer who wanted the British quality would have to pay the Tata Iron and Steel Company Rs. 147 a ton which would be Rs. 18 too much. Clearly, both these solutions are inadmissible.

If neither the British nor the Continental price can be used to determine the measure of protection, it is natural to ask why cannot we adopt the same plan as in 1924 and take as our basis a price intermediate between

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the two? The Board have given the answer to that question and explained why the system is unsatisfactory. If it is adopted, the price of standard steel, which must be used in all works where a high factor of safety is necessary, will be unnecessarily high, and the cost of rolling-stock, railway bridges and other important works will go up. It would also necessitate a higher duty on fabricated steel and thereby increase industrial costs throughout India. These are serious objections. But apart from them, there is this, that it is impossible to fix the amount of the duty under this system unless we can first ascertain what proportion of his output the Indian manufacturer will sell to purchasers who will pay the British price and what proportion to those who will only pay the Continental price. On that basis we can determine what duty will on the average give him adequate protection and no more. But if anything happens to affect the views of the buyers, then the whole scheme breaks down. This was proved by the experience of 1924 when the price of Continental steel fell precipitously, and the difference between British and Continental prices became very wide. The immediate result was that purchasers who had hitherto been buying British steel, or Indian steel at British prices, decided that the extra payment demanded for the superior quality was too high and refused to pay more than the Continental price. It is quite true, and the Board admit it, that such violent fluctuations as occurred in 1924 are not probable during the next few years; but even if the difference between British and Continental prices remains at about its present figure, the difference is so substantial that there will be a tendency always at work for purchasers to transfer their custom from British to Continental steel. In so far as they do so, the protection given becomes inadequate. Finally, if new steel works were established in India, the scheme would break down altogether, and the protection given would at once become inadequate. British steel has already been so nearly driven out of the market that the new firm would have to sell almost the whole of its output in competition with Continental steel, and a duty based on any system of weighted averages would be too low. For these reasons, the Tariff Board were unable to recommend the imposition of uniform duties based on a mean between British and Continental prices.

Up to this point I have been dealing solely with the amount of the protection required and have tacitly assumed that it must be given by the imposition of uniform duties. I have tried to show how the Board were compelled to reject in turn, firstly, the British price, then the Continental price, and, finally, any intermediate price as the measure of the protection needed, and that means that a system of uniform duties will not do. From this point onwards, we have to consider not only the amount of the protection, but the form in which it is given. If uniform duties will not work at all, or will work badly, then some other system must be tried. In addition to the scheme finally recommended, the Board examined three other methods of giving protection. Of one of them—the imposition of a basic duty on British steel and anti-dumping duties on steel imported from particular countries—I need say little, for the existence of the trade agreements to which India is party makes that solution impracticable. Of the other two, something must be said.

The first of these is the scheme which proposes to combine protective duties and bounties. Under this scheme the protective duty would be equal to the difference between the fair selling price and the British price.

and the additional protection required against Continental steel will be given by means of bounties. There are several objections to this scheme, but I will reserve most of my comments until we come to the amendments to be moved by the Honourable Mr. Ramadas Pantulu. It will however suffice to mention briefly the fundamental difficulty that, in proportion as the protective scheme achieves its object, the payment of the bounties becomes financially impossible. Every year the domestic production of steel increases and the bounty payments rise, while simultaneously the imports decline and the extra revenue from the protective duties disappears. Eventually a point is reached when there is no extra revenue but only a heavy liability for bounties. But I may be told that the scheme of protection adopted in 1924 did combine duties with bounties. That is true, but only to a limited extent, but there are essential differences. In that scheme rails were protected entirely by bounties, and other classes of steel entirely by protective duties. That fact introduced an automatic safeguard into the scheme, for the more Indian steel that was made into rails, the less could be made into bars and plates and sections, and consequently the imports of these classes of steel would go up. Therefore, in any year when the bounties were high, the extra revenue would be high too. More important still, the 1924 scheme was to operate for three years only, and it was certain that within that time no new firm could actually manufacture steel. Even so the Board found it impossible to recommend any general scheme for the combination of duties and bounties. On this occasion, the difficulties are much greater. The scheme is to continue in force for 7 years, and we cannot exclude the possibility, or even the probability, that new steel works will have been completed and begun to produce before the end of that time. As soon as that happened, the extra revenue would vanish altogether and the bounty payments would simultaneously increase and become a burden on the general tax-payer. I may say that on more than one occasion I have tried to work out a scheme for balancing duties against bounties, but invariably it went to shipwreck on concealed financial reefs.

Now, if uniform duties and a combination of duties and bounties are alike impracticable, the next question is, whether it is not possible to differentiate between the expensive standard steel and the cheap non-standard steel. As I explained some little time back, each class supplies a different demand. The standard steel possesses qualities which the purchaser of non-standard steel attaches little or no value, but it is precisely these qualities which make it indispensable to other purchasers. What it comes to is this—that standard steel and non-standard steel are essentially different articles and if that is so, there is no particular reason why they should be subject to the same rate of duty. Therefore, the question naturally arises why not differentiate according to the quality of the steel and impose a lower duty on standard and higher duty on non-standard steel? The answer to this question is that it would unquestionably be the best plan, if only it were practicable, but unfortunately the administrative difficulties are too great. The British standard specifications require not only that the steel shall be of a certain chemical composition, but also that it shall be of certain dimensions for a given weight, should possess certain tensile strength and should be accurately rolled. It would be necessary to test every consignment of steel imported into India which was claimed to be of British standard. That would mean the appointment of a metallurgical expert and the installation of testing machinery in every customs-

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office. Not only would the expense be great, but the inconvenience to business would, I fear, be found intolerable owing to the delay in obtaining delivery until the steel had been tested. The Board were right, I think, in rejecting this alternative.

The Council is entitled to ask, Sir, why I have dwelt at such length on the various schemes which the Tariff Board rejected. I have done so for a definite reason. It is necessary to make it clear to the Council that the Board's proposal is not a hasty improvisation, nor is it the product of prejudice or of any preconceived theory. On the contrary, the Board did not finally decide on the measures it would recommend, until it had closely examined all the facts and carefully weighed every alternative method that suggested itself. The scheme embodied in the Bill has been framed by men who at the commencement of their inquiry had no preconceived view that in differential duties the solution of the problem was to be found. One of them, Mr. Ginwala, was, like myself, a signatory of the Report on the increase in the duties on steel in 1924 when the Board considered, but found themselves unable to recommend, the imposition of differential duties against Continental steel. For that very reason, the recommendation now made should carry much greater weight. It has been made because the members of the Board who had the fullest opportunities of studying the whole subject were convinced that it was the method of giving protection which was best alike for the Indian steel industry and for the consumer.

If I may digress for a moment, Mr. President, I should like to say one word more about the recommendation in the Report on the increase in the duties on steel in 1924. I should not have troubled the Council with any further observations on that subject, but I think I may be reasonably asked, "Why is it, if you did not approve of differential duties on the Continental steel in 1924, you approve of them now?" It is a fair question, and I will try to answer it. I do not suppose that Honourable Members of this Council will recall as vividly as I do the precise circumstances in which the Tariff Board made their inquiry in the autumn of 1925. At that time, owing to the fall in the prices of Continental steel, the position of the Indian steel industry was very nearly desperate. It was not quite fully realised at that time, but there has been no secret about it for some time now. The Tariff Board received instructions from the Government of India to report what increases were required in the duties for steel, and they were told that the question was of the utmost urgency and that the report must come in at the very earliest possible date. Now, quite obviously, when the inquiry had to be carried on under these conditions, there was no time to examine all the various points that one would have wished to examine. What the Board had to do was to consider, as well as it could in the time available, the various aspects of the case. And there was no time, for instance, to call for the Collector of Customs and ask him to explain to us exactly what the difficulties would be if we put additional duties on steel imported from countries other than the United Kingdom. And there was another still more formidable objection. What we were doing was to recommend to the Government of India in what manner they should exercise the power delegated to their Legislature of increasing the duties on steel. Now, those who have listened to the debates in another place know that the moment the question of differential duties is raised you cannot avoid trenching on the delicate issues of Imperial Preference.

Was it possible for the Board in 1924 to recommend to the Government of India that it should act without consulting the Legislature and impose differential duties on steel which was not of British manufacture? Was it possible? The obvious danger was that, by raising discussion on that question when there was no time for any discussion, the whole object of the Board's inquiry would be sacrificed. That is to say, the Indian Steel Industry would fail to receive the additional protection which it so urgently needed. In the event, what the Government of India did was to announce their intention of proposing to the Legislature the payment of bounties with retrospective effect from the 1st October 1924. That served the purpose of saving the industry, but it was quite impossible for the Tariff Board to forecast what the Government of India might do.

I must apologise to the Council, Mr. President, for troubling you with a personal matter, but I thought it was reasonable that I should explain what the reasons were which affected my judgment in 1924.

Now, what the Board say in effect is this. The best scheme would be one which differentiated between standard steel and non-standard steel. But unfortunately the difficulties are too great and they cannot recommend that scheme. But what they say is this. You will get practically the same result if you differentiate between steel of British manufacture and steel which is not of British manufacture. Therefore what is proposed is this. The four classes of rolled steel which are imported both from Great Britain and from the Continent, that is to say, structural sections, bars, plates and black sheets, will be subject first of all to a basic duty which is applicable to all imports of whatever origin. In addition, if the steel of these classes has been manufactured in any country other than the United Kingdom, it will be subject also to an additional duty. Then, as regards the details of the scheme, one fundamental point is that the basic duty is not to be reduced until seven years have elapsed. The reason for that proposal is to give the necessary stability to the scheme. However the duties may be varied, the duty on these classes of imported steel from whatever country it comes can never be less than the basic duty. It is obvious that it will be impossible to attract fresh capital to the industry unless there is some assurance of that kind. But, although the basic duty cannot be reduced, it will be possible, owing to an amendment made in the Legislative Assembly, to raise the duty, that is to say, if the price of British steel falls, the Government of India will be able to raise the basic duty, so as to give adequate protection to the industry. The additional duty, it is proposed, the Government of India should have power to vary either upwards or downwards. Now, the reason for that is this. The Board thought that on the whole British prices would be fairly stable for the next seven years at about the level at which they stood in the early months of 1926, but they have no confidence that the prices of Continental steel will not vary very considerably, either upwards or downwards. Therefore, they propose that the Government of India should have power not only to raise the additional duty when the prices of Continental steel fall, but also to reduce the duty if the prices rise substantially, because if there were a very big increase in the prices of Continental steel, the result might be that the steel industry in India would receive obviously excessive protection. Now, the advantage claimed for the scheme of differential duties,—that is to say, for the scheme which imposes a basic duty on imported steel and an additional duty on steel which is not of British manufacture,—the advantage claimed for that scheme is

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in the first place that you get practically the same result as if the differentiation were according to the quality of the steel. Whether you differentiate by quality or differentiate by the country of manufacture, practically the whole of the imports from the United Kingdom will be subject only to the basic duty, and the great bulk of the imports from Continental countries to both to the basic and the additional duties. The only difference is that, if we were to differentiate by quality, the comparatively small quantity of imports from the Continent which are up to the British standard would escape the additional duty, whereas under the Bill they would be subject to it. The adoption of the scheme will mean that the consumers of standard steel, whether they buy from Jamshedpur or import from Great Britain, will get their steel at a lower price. That is a matter of quite first class importance to industrial development in India, to all users of fabricated steel and to the railways. Everything that can be done to cheapen the cost of standard steel does something to assist industries and to reduce the cost of transportation. Also, the scheme meets the needs of the Indian manufacturer. Whether he sells to buyers who are prepared to pay higher prices for standard steel, or to those who are paying nothing extra for better quality, he still obtains his fair selling price or a price very close to it. Now, no scheme of protection, or indeed of practical administration in any sphere, that can be put together in this world is ever perfect, and it is not claimed by anybody that the scheme of differential duties embodied in the Bill is entirely perfect. I have stated the difficulties which led to the rejection of the alternative method of protection, and it is fair that I should examine also those entailed by the Board's scheme. It would take too long to discuss all

12 Noon. the dangers which suggested themselves to fertile minds in another place. But there are three which must be mentioned. One is that a scheme which differentiates according to the country of manufacture must lead to administrative difficulties, owing to the necessity of obtaining certificates of origin and similar documents. The Tariff Board, who considered this point in consultation with the Collector of Customs, report that, though there are difficulties, they are not so great as the Tariff Board supposed in 1924. Since then I have had some opportunity of looking into the matter in consultation with the Central Board of Revenue, and I am bound to say that the difficulties do not appear to be so serious as I once thought them to be. I think I can assure the Council that no insuperable difficulties will be met with, and that it will be possible to prevent the importation, as steel of British manufacture, of steel which is made in other countries without imposing any undue burden either on the Customs administration or in the course of business.

A second difficulty is this. It may be argued that although the Board's scheme of differential duties lightens the burden on the consumer of standard steel, it has this disadvantage that it imposes a heavier burden on the consumer of non-standard steel, that is, the smaller users, whether in agriculture or in industry. That point was considered by the Board and they found reason to believe that the additional burden imposed on the consumers of non-standard steel was not likely to be nearly so great as it might at first sight be supposed. The reason is this. They obtained from iron merchants both in Calcutta and Bombay records of the prices of certain kinds of steel for a long series of months, and the Board was struck by the fact that the prices in Bombay of certain classes of steel were

apparently higher than the prices at Calcutta. To give concrete figures, I find that during the first three months of 1926 the average price of bars in Bombay was Rs. 11 higher than in Calcutta, the average price of angles was Rs. 20 higher and the average price of plates was Rs. 19 higher. The steel in question was all steel imported from the Continent. Indeed the ordinary dealers in Calcutta and Bombay no longer stock British steel at all except in the case of beams. Surely it is a very significant thing that the prices of Continental steel should be higher in Bombay than they are in Calcutta, and the question how that is possible is one which has an important bearing on the question of protection. Another reason apparently is this. In Calcutta the Tata Iron and Steel Company have to sell a large proportion of their steel in competition with Continental steel. They are in a position to compete effectively, and if the importers of Continental steel try to raise their prices, they find great difficulty in doing so, so long as the Tatas are ready sellers. Now, in Bombay and also in Madras, Karachi and Rangoon, owing to the distance of these places from Jamshedpur, the Tata Iron and Steel Company is not in the same position to compete. I understand it has either begun, or is about to begin, to sell steel in some of these places—in Madras and Bombay at any rate. But if it does, it will not be in the same position to cut prices, because it has to cut the price which it receives "free on works", in order to get there at all and it cannot again cut the price. Therefore, the importer of Continental steel is not subject to the same competition in these other ports as he is in Calcutta and in the areas economically dependent on Calcutta. Therefore, it is possible for the importers by mutual arrangement to raise the prices of Continental steel in these ports to a higher level. The only limit to the price of Continental steel in Bombay and the other ports I have mentioned in the last resort is what it would cost to import British steel. The importers cannot raise the price higher than that because, if they did, British steel would begin to be imported to meet the demand. Now, owing to the big difference in prices between the British and Continental steel the importers have a wide margin within which to operate, and they will have that margin so long as the duty on British and Continental steel is uniform. If, on the other hand, the scheme in the Bill is adopted, and the difference in price is substantially reduced, then there will be a practical and effective check on the price which the importer of Continental steel can charge. It comes to this, therefore, that although it may seem at first sight that the scheme of differential duties will make non-standard steel a good deal more expensive to the small user, there is reason to believe that that will not be so, the point being that, at present, the benefit which the uniform duties ought to give the small consumer does not reach him but is intercepted by the middleman on the way. For that reason I do not think it can fairly be said that the burden on the consumers of non-standard steel will be too heavy.

The third difficulty is, I suppose, the one which has attracted most public attention. Honourable Members may ask whether, if they pass this Bill, they will not be considered to have given their adhesion to the principle of Imperial Preference. Now, as I understand it, the principle of Imperial Preference is this. Various parts of the British Empire, in view of the fact that they are all members of one Commonwealth and that each part has an interest in the welfare and prosperity of the other parts, are prepared to grant mutual concessions by which they admit

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Empire produce into their countries at a lower rate of duty than is imposed on goods from foreign countries. The lower rate of duty definitely means that the Dominion which gives it does so in order to benefit the country or Dominion which receives the concession. Now, if that be the principle of Imperial Preference, it finds no place in this Bill. The Board, in putting forward the scheme of differential duties and the Government in accepting it, have been actuated solely by their conviction that in this way the interests of India could best be served and without taking into account any benefit which it might confer upon the British steel manufacturer. In the second place, power has been taken in the Bill which makes it possible for the Government of India, without reference to the Legislature, to diminish, or finally to abolish, the preference which British steel receives as soon as the interests of India appear to require it. This can be done either by raising the basic duty or by reducing the additional duty. If the scheme of differential duties did in fact embody the principle of Imperial Preference, it is quite certain that no power of this kind would be conferred on the Executive Government. Finally, there is an aspect of the case to which I should like to draw the special attention of the Council. It is this. If the steel industry in India is to grow, it must do so primarily at the expense of the British exporter and not of the Continental exporter. The reason is very simple. The Indian steel manufacturer will certainly sell all the steel he can in competition with British steel because he gets a better price. If he has to sell in competition with Continental steel he has got to accept a much lower price than the quality of the article he produces ought normally to command. Therefore, he naturally will sell every ton of steel he can to people who want the British standard quality. But it may be said that under the Bill we are proposing to do away with this difference. In fact, Mr. President, that is not so. The basic duty is not equal to the difference between the fair selling price of Indian steel and the price of British steel, but is greater. And the basic and the additional duty taken together are not equal to the difference between the fair selling price and the Continental price but are smaller; and the result is that the duties have been so adjusted that the price of British steel will be Rs. 7 a ton higher than the price of Continental steel. Now, if the object in view had been Imperial Preference, could a feature of this kind possibly have formed part of the scheme? I do not think it could.

Mr. President, I have trespassed too long on the indulgence of this House and I must apologise for doing so. I should like in concluding to say that I claim for the scheme embodied in the Bill that of all the methods that have been considered, it is the one which is best adapted to meet the needs alike of the producer of Indian steel and of the consumer. It is the method which most closely complies with the condition that the scheme of protection must be carried out with due regard to the well-being of the community. Mr. President, I move that the Bill to provide for the continuance of the protection of the steel industry in British India, as passed by the Legislative Assembly, be taken into consideration.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill to provide for the continuance of the protection of the steel industry in British India, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: Before the House passes to the detailed consideration of the clauses of the Bill, I would invite the attention of Honourable Members to the separate paper of amendments which is before them. They will see that the first amendment stands in the name of the Honourable Mr. Ramadas Pantulu, being an amendment of clause 2, and if Honourable Members have compared the terms of clause 2 of the Bill with the terms of the amendment of the Honourable Mr. Ramadas Pantulu they will see that what he actually proposes to do is to omit three words, namely, the words "of British manufacture" in the proposed new sub-section (4), and to omit the proposed sub-sections (5) and (6) altogether. I have suggested to him that he should move—and he has agreed to move—his amendment therefore in that form. It is simpler to understand and simpler to put: three words will be omitted in sub-clause (4) and sub-clauses (5) and (6) will disappear altogether. Of the three amendments standing in the name of the Honourable Mr. Ramadas Pantulu it is quite obvious that Nos. 1 and 3 stand together; that is to say, No. 3 is consequential on No. 1, and the fate of No. 1 will decide the fate of No. 3. It is not quite so obvious perhaps that amendment No. 2 is linked up with the others; but I have ascertained from the Honourable Mover of the amendment that the three amendments are part of one scheme and that if the first amendment, when he moves it, is defeated, he will not move his second and third amendments; but I shall have to permit him of course in those circumstances to explain the bearing of the second amendment on his first amendment. In that way, should the first amendment be carried, there will be no need for a full debate on the second amendment.

The other two amendments, standing in the name of the Honourable Sir Sankaran Nair and the Honourable Mr. Desika Chari are, so far as I can see, in substance identical; and as the Honourable Sir Sankaran Nair's amendment was received in time and that of the Honourable Mr. Desika Chari was not, I have to suggest to the latter Honourable Member that, if no objection is taken to the moving of his amendment and if he desires to move it, he must do so by moving it as an amendment to the Honourable Sir Sankaran Nair's amendment.

The question is:

"That clause 2 do stand part of the Bill."

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadian): Sir, I beg to move the first of the three amendments which stand in my name in the manner suggested by you. It runs as follows:

"That in the proposed sub-section (4) the words "of British manufacture" be omitted and that the proposed sub-sections (5) and (6) be omitted."

Sir, as you were kind enough to explain the position, my three amendments hang together and form part of a single scheme. The combined effect of the three amendments is to replace the official scheme of differential duties recommended by the Tariff Board and embodied in the Bill as passed by the Legislative Assembly by another scheme known as the scheme of duties cum bounties. I need not explain to this House the features of the official scheme because they were explained in the very lucid speech with which the Honourable Mover has made his motion for consideration of this Bill. I cannot attempt to put it more clearly than he did. Its essence is, as

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we have already been told, to impose what are called basic duties on British as well as non-British steel and in addition to impose certain duties on non-British imports to give adequate protection to the Indian industry. My scheme differs from it very materially. My task has also been rendered very easy by the Honourable Mover explaining to the House the six schemes adumbrated by the Tariff Board and in singling out three for detailed examination. The other three schemes, if I may say so, were practically still-born. The schemes which came in for serious consideration are the schemes of differential duties, the scheme known as the weighted averages, and the scheme of combined duties and bounties. The scheme of weighted averages was also examined and rejected by the Honourable Mover, and it is obviously unnecessary for me to traverse that ground because I also agree with him that it does not suit me, whatever may be the reasons. As I am not advocating it I shall not say anything about that scheme.

So the only thing left for me to do is, first of all, to criticise the official scheme and show where it is objectionable, and in the second place to show how my scheme is to be preferred to the official scheme. That will be the basis upon which I shall proceed to make my remarks. The official scheme, Sir, is open in my opinion to very grave objections, both of a political and of an economic character. The political objection is one which was anticipated by my Honourable friend and dealt with at some length. It is, as my Honourable colleagues here know, based upon the assertion that the Bill involves, directly or indirectly, the vicious principle of Imperial Preference. We are now favoured with a definition of Imperial Preference and we are told that there is obviously no Imperial Preference in it. I am not disposed to hang my argument upon words. Probably the Honourable Mover was correct when he said that there was no element of "Imperial" Preference in it because we all know to-day that the Dominions are chalking out their own path and recently South Africa and Australia have shown that they are more interested in developing their own steel industry than patronising the industry of the United Kingdom. Therefore, in the strict sense or rather the broad sense, there is no element of Imperial Preference. But if I am told that there is no element of *British* preference, I must emphatically deny that allegation. The whole scheme of this Bill is based upon the recommendations of the Tariff Board to favour what I may call British preference, for want of a more suitable expression. The Tariff Board itself does not seem to be quite unconscious of what it is doing. Apparently, it had a bit of guilty conscience, and therefore it began in a somewhat apologetic tone. At page 58 of their Report they say:

"It may be urged that a system of differential duties in the form suggested involves the adoption of Imperial Preference in relation to steel. In the sense that our proposals necessarily imply a definite decision on the question of policy, such a statement of the case is incorrect."

It is, however, a guarded statement, and I tried to understand exactly what the implications of these words are, I mean the words "in the sense that our proposals necessarily imply a definite decision on the question of policy." It is quite true that the Tariff Board has not been called upon, nor is it attempting to pronounce, any definite decision upon the question of Imperial policy. The question really is whether the proposals do or not contain an element of British preference. Therefore I do not understand the relevancy of the statement that "our proposals necessarily imply a

definite decision on the question of policy. Such a statement of the case is incorrect". And further on, they say:

"But in any event we felt that we are not concerned with the political aspect of the case."

That is the manner in which they brush aside the political argument. But it cannot be doubted that a very considerable change in the attitude of the Tariff Board's mind has come about between 1924 and 1926, because we find a very significant sentence in their Report of 1924, which was tried to be explained away by the Honourable Sir George Rainy. When they were examining proposals for levying differential duties on British and non-British steel the Tariff Board in 1924 said:

"Except on the basis of Imperial Preference no scheme by which the duties on British steel would be differentiated from those of Continental steel can be worked, and it does not appear to us expedient that the tariff on steel should be modified on that basis until the general question has been decided."

Therefore, Sir, they definitely recognised that any proposals for a differential treatment of steel necessarily involves a policy of Imperial Preference, and that until the general question of Imperial Preference is itself settled, they ought not to embark upon proposals which deal with differential treatment between British and non-British steel. But now that caution has been cast away to the winds, and they have very plainly embarked upon proposals which involve British preference. It is no use telling us that the proposals do not involve an element of preference. Notwithstanding the futile attempt made by some Honourable Members in the other House, notably by Mr. Jinnah, it cannot now be doubted that any person who looks into the Bill and reads it through will find an element of preference there. I have read some extracts from the British Press which are cabled to us here and also some statements in the Anglo-Indian Press, all of which go to show that the Assembly is now understood as being definitely committed to a policy of Imperial Preference, and Imperialists are rejoicing over the fact that it is a good augury for the future of British trade. Therefore, it is, I think, trying to show the obvious to be the reverse if we are asked to believe that there is no element of preference. It is clear in every line of the Bill. When the price of British steel is Rs. 104 and that of Continental steel is Rs. 86 and the basic duty that you propose to impose is Rs. 19, and you impose an additional duty of Rs. 11 on the Continental steel, the facts amount to no more or no less than this, where British steel is charged at Rs. 19 the Continental steel is charged Rs. 30 duty. If that is not preference, I do not understand what preference is. The same thing may be said with regard to the other varieties. It is true that what is sought to be done is to kill two birds in one shot. Protection to Indian industry is sought to be given; I do not deny it. But at the same time a very generous measure of preference to British industry is also coupled with it. That is what has been done by this measure. I shall not further try to labour the point about preference, because enough has been said in another place which most Honourable Members might have read, and I would not like to waste the time of the House by repeating the arguments which have been adduced in another place. On the assumption that the Continental standard steel can be purchased at Rs. 7 more than the non-standard steel, then the price of Continental standard steel is Rs. 93 as against Rs. 104 of the British steel. Just as the standard steel is manufactured on the Continent, the non-standard inferior varieties of steel are

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manufactured in Great Britain, and those rejections which are sold in this country also enjoy a certain amount of protection. Therefore, Sir, whether you have it on the basis of standard steel produced on the Continent or on the rejections of the United Kingdom imported into this country, in either case the preference is glaringly patent in the Bill.

Then, Sir, the economic objections, to my mind, seem to be as serious as the political objection. The first and the foremost objection to this scheme is that it unnecessarily imposes a burden on the consumer. I have got, Sir, certain figures from which I can clearly substantiate that at least to the extent of 40 lakhs the consumer will be unnecessarily taxed every year by the system of differential duties. The figures can be worked out very easily by any one who looks into the Tariff Board's Report itself without any extraneous aid. If we take this import of Continental structural sections, bars, black sheets and plates as given in the Tariff Board's Report and multiply the number of tons by Rs. 11 in the case of structural sections and bars, Rs. 24 in the case of black sheets, and Rs. 16 in the case of plates, we arrive at figures which clearly give the extra amount that the consumer is obliged to pay under this scheme. I have worked out those figures; taking structurals at 96,000 tons, bars at 111,000 and black sheets at 86,000 and plates at 28,000, and multiplying, as I have already said by Rs. 11 in the first and second cases, 24 in the third, that is black sheets, and 16 in the fourth, plates, we get roughly Rs. 86 lakhs as the additional price which the consumers pay. If the payment of this duty is necessary for protecting this industry, there would be something to be said for it. It has been also conceded in a way by the Honourable Mover that the Tatas do not compete with Continental steel at some of the ports in India, notably those situated at a distance of more than 400 miles from Jamshedpur. In Madras, for instance, the Tatas do not compete with Continental steel, nor in Bombay nor in Karachi nor in Burma. In all these places the consumers are asked to pay this additional duty on their purchases, without benefit to Tatas and to that extent they do certainly lose, that is an unnecessary burden is imposed upon them. Various answers were attempted but the one which was attempted to-day in this House is that there is no guarantee that the difference between the price of British steel and Continental steel is likely to benefit the smaller user or the consumer and that the persons who import the Continental steel in those distant ports where the Tatas do not compete, may pocket the entire profit themselves without giving any adequate benefit to the consumer. And, therefore, the argument is that the imposition of lower duties on Continental imports while it might hit the British manufacturer, will not result in a corresponding benefit to the consumer. With regard to that question, the matter has to be viewed merely as a question of fact, and the only testimony that is worth canvassing on a question like this is the testimony of the small user and the consumer. No amount of theoretical disquisition on a matter like this is of any importance. I find that the small user, as he is called, or the consumer, has come out already with his protest, and he asserts that the assumption underlying the recommendations of the Tariff Board that the benefits are not going to him are entirely unfounded. He has emphatically said so. I find that a responsible body of consumers have passed a resolution which was quoted in another place and that resolution is worth citing here because it is the considered opinion of a body of small users of

Continental steel. I shall just read that resolution. It is a resolution of a public meeting held in the city of Delhi itself:

"This meeting of trades people, small industrialists and consumers of steel products at large, unanimously resolves that the decision of the Select Committee on the Steel Protection Act approving of the scheme of differential duties on the manufacture of United Kingdom steel and from other Continental countries and thus far stimulating and encouraging imports of steel of British manufacture is disastrous to the cause of trade, small industry, and poor consumers of India. Inasmuch as these classes are deprived totally of the benefits of cheap Continental goods, and their soft quality enjoyed for over half a century, this meeting therefore strongly advocates the continuance of the present system of uniform duties on all steel irrespective of the country of origin, the loss to the Indian steel being made good by the payment of bounties from the receipts of protective duties."

I will also refer to a statement made by a very well known firm in Bombay, Mr. Godrej's firm, in which they said:

"Continental steel sheets have always perfectly satisfied all the requirements of our industry. Proposed additional duty on non-British sheets would be a needless and intolerable burden and would lead to our closing several lines ourselves. Other industries all over the country will also disappear. Tatas unable to supply sheets."

After this testimony from the people interested in the import of Continental steel, it is useless to argue on *a priori* grounds that the benefits of the difference between lower duty on British steel and higher duty on Continental steel does not reach the consumer. The consumer says that the benefits do reach him and prays for the retention of the uniform duty scale. Still we tell him that the benefits do not reach him. It is a case of save us from our friends. We seem to know the interests of the consumer better than he does. That is how the matter stands.

Then, Sir, there is another danger, also an economic danger, of a very real character. There is no guarantee that the British manufacturer, encouraged by the fact that a market is assured to him for the next seven years, will not deteriorate the quality of his steel and send to India inferior quality for higher prices. The danger is not at all an imaginary one. Even the Tariff Board seem to have felt the weight of that danger and they have in a way tried to answer it in a most unconvincing manner. This is what they say:

"The present prices of Imperial British steel on which our proposals are based already reflect to a very large extent the economies rendered possible by the use of semi-finished continental material. No investigation, therefore, appears to be required into such questions as whether sheets or bars rolled in England from continental sheet bar or billets should be treated as of British origin. Further the gap between British and Continental prices has now narrowed considerably. There is thus *less* inducement for exporters to reship Continental steel from British ports thereby incurring additional charges on account of freight, etc."

Therefore, the unfinished or semi-finished Continental material is being largely used in England and the temptation to deteriorate the quality and import inferior steel into India is a very real and serious one. I was somewhat interested in reading a passage in the debate in another place where it was pointed out that Sir Charles Innes himself recognised the reality of this danger and admitted in a sense that the danger was not merely imaginary. We have in that report a verbatim statement of what he seems to have said on another occasion, and I shall merely refer to that passage as correctly representing the words used by the Honourable Sir Charles Innes. He is said to have stated:

"The danger exists and must be accepted as incidental to the Tariff Board's scheme, but the danger is not serious, for the quantity of such rejections imported into India is likely to be small. British manufacturers get a lower price for rejections and try to keep down the percentage of them as far as possible. Also any attempt to flood the market with rejections would injure the reputation of their steel."

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And he proceeds:

"The British manufacturer already has an outlet for rejection in the United Kingdom and in the other *preferential markets*."

Mark the words "He has an outlet for them in other preferential markets." That shows that where there is a preferential market it affords an opening for rejections and if India is to be one of the preferential markets, it will afford an outlet for the rejections.

Then there is the danger of inferior Continental steel finding its way to India through Britain. As the cost of production in England becomes greater and as the Continental steel becomes cheaper the temptation for this illicit import increases *pari passu*, and what will happen? The British middleman derives all the benefit. He cheats the Continental producer as well as the Indian consumer of his legitimate gain and he sells inferior Continental articles through the medium of the British ports. These are dangers which cannot be lightly denied. I find that to a certain extent the Tariff Board and the Honourable the Commerce Member have recognised the reality of that position.

If we have shown that the differential duties scheme gives preference to English-made articles, if we have shown that it unnecessarily taxes the consumer, if we have shown that the extra taxation paid by the consumer in the name of protective duties, will be put into the pockets of the Government without any justification for it, and if we have also shown that there is a real danger of inferior steel being dumped into this country through British medium at higher rates, then we have made out a complete case against the differential system.

But there are some merits claimed for it and I shall also very briefly examine those merits. It is said that the difference is based not on the country of origin but on the difference in the quality. With regard to this difference in quality we are given various versions. To-day the Honourable Mover has admitted very frankly that it is absurd to say that on the Continent steel of British standard specification is also not manufactured. He admits that it is manufactured, but he says that very little of that steel is being imported into India. May I know what the materials for such a statement are? Have the Government set up a metallurgical expert at the various custom houses? Have they tested the quality of the standard steel imported from the Continent? Is he in a position to satisfy this House that the standard steel imported from the Continent is not of British Standard specification? These are merely speculative answers.

Then, assuming that large quantities of non-standard Continental steel is imported into India, may I ask in all humility, is it the function of the Tariff Board to prescribe to the consumer what kind of steel he is to consume? It depends upon his needs. Is the Board giving a therapeutic economic treatment to the consumer? Inferior articles are imported at lower prices as cheaper articles command a market and they are used for various purposes by the consumer. It is left to the consumer to use what kind of article he wants. Everybody is not building a Howrah Bridge; everybody is not constructing a railway. Inferior steel enters into various pieces of business in this country, and if a consumer can get inferior steel for purposes which do not require steel of the standard specification or any particular strength, why should he not do it? I am afraid the Tariff Board

has assumed the rôle of a political doctor and did something which was entirely beyond its functions and its powers. It might say to-morrow that you ought to put very high prohibitive duties on something which comes to India because its consumption is deleterious to public health. It is none of its business. Therefore, I think that the recommendations based upon considerations of preventing import of non-standard qualities are irrelevant, *ultra vires* and of no use from the economic standpoint.

Then the argument is that it is also based upon difference in prices. While the price of British steel is more or less stable it is contended by the Tariff Board that we cannot say with any certainty that Continental steel prices will be stable for any length of time. That is what they say. But here again I have searched in the Report in vain for any evidence on that point. I do not find any material evidence to support the statement. On the other hand I find a very significant statement which appears in paragraph 81 of the Report and that sentence runs thus :

"There are two features which are common to both, viz., the European steel prices are now at about the pre-war level while the costs of living are considerably higher and that a large proportion of the steel exported is sold without profit or even at a loss."

Steel prices are now at the pre-war level and the cost of living has considerably increased. May I ask whether on these data any man who knows the A, B, C of Commerce can say that the prices will go down? If the prices are at their pre-war level and the cost of production has increased, then it must be clear that we have reached the rock-bottom level. I do not think an argument that it might still further go down can hold water in the face of these two statements. If these two facts are true, then I submit that the argument that the Continental steel might suddenly drop in its price is one without any legs to stand upon. Then the other argument is based upon what is known as one based on "margin of safety." It is apprehended that if Continental rails are imported into this country or Continental structures are imported into this country, all the buildings built of them might come down over our heads and all the Railway bridges might break down. May I ask whether accidents in Belgium or Germany or France are shown to be more numerous than they are in England or in India? I believe that the Continental countries value their life and limb as precisely as British people do and people in India do. What is the basis for saying that if steel which is not certified to be of British standard quality is used there is greater risk to life or limb by the use of Continental standard steel instead of British steel? I think it is merely a figment of the imagination of members of the Tariff Board.

I have already dealt with the argument that the consumer is not benefited by a lower scale of duties. Therefore I shall not deal with it any more. Therefore what are the merits of the scheme and what are its demerits? As for the merits I am afraid I cannot find any. As for its demerits I have examined them in detail. I am thankful to the Honourable Mover for saying that no scheme is perfect. I quite agree that no scheme is perfect. The Tariff Board itself does not seem to stick to one particular scheme for any length of period.

At one time the Tariff Board was passionately in love with weighted averages; at another time it was in love with bounties; and now it is in love with differential duties; and each time it found arguments quite convincing to its own mind about its own schemes and each time it found the Government ready to sponsor its scheme. The reasoning faculty of

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the Board and its political colour as well as its economic theories seem to be rapidly changing; there was a change in the personnel and I do not know how far that accounts for it; but whatever may be the causes, the sudden transformations of its economic and political theories and of its powers of reasoning are patent to those who have read the first, second and third reports; and I claim to have read these reports with some amount of care. Therefore it is no use trying to bolster it up by the argument that this Tariff Board is an expert body which sat for eight months and that a few amateurs sitting round a table can hardly be expected to judge upon the labours of experts who have studied the question for eight months. If length of time and their expert character are the only tests, I am afraid the internal evidence afforded by the reports sent by that body stands against their authoritative character and the convincing nature of their conclusions.

Then, Sir, coming to the scheme which I have proposed in my amendments, namely, the scheme of duties combined with bounties, it has certain merits. I am ready to admit that it is not also free from faults, just as the official scheme is not. The scheme briefly put is this; the present proposal of imposing a basic duty which is calculated on the difference roughly—though not exactly as the Honourable Mover has pointed out—between the fair selling price and the higher foreign price is to be retained, and the additional protection is to be given—not by the imposition of additional duties—but by paying an amount equivalent to the additional duties in the form of bounties to the Tatas. That is the scheme. In it there is one obvious advantage that is patent to us, namely, that it does not seek to penalise the Continental steel and thereby impose a burden, which is objected to in accordance with the other scheme, upon the consumer. What I am asking is that you should not impose additional duties upon the Continental imported steel, but that you should give the amount of those duties as bounties to the Tatas. Here we have a proposal which will obviate the necessity of imposing an unnecessary taxation upon the consumer; that is its chief merit. Then, it might be asked where are we to pay these bounties from and what will be the extent of these bounties? It is not difficult to calculate the amount of these bounties and also to find the source from which it has got to be paid. The amount of bounties we have got to pay can be easily calculated by a process which is very simple. If we take the structurals, bars, plates and black sheets which are the only bounty-fed articles and adopt the figures given in the Tariff Board's Report and multiply the number of tons by the amount of additional duty, we get the figure required for this purpose. I have taken these figures from the Tariff Board's Report and I have put them in round figures, leaving out fractions.—

Structural sections: 70,000 tons at Rs. 11 will yield Rs. 7,70,000;

Bars: 90,000 tons at Rs. 11 will yield Rs. 9,90,000;

Plates: 30,000 tons at Rs. 16 will give us Rs. 4,80,000;

Black Sheets: 18,000 tons at Rs. 24 will give us Rs. 3,12,000.

The total comes to Rs. 25,52,000.

Roughly speaking the bounty that I am proposing to be paid to Tatas is about 25½ lakhs; and this bounty has to be paid from the protective duties which are derived under the scheme of these uniform duties. In saying so let me not be misunderstood as entrenching upon any portion of the revenue duties. I am only asking for the bounties being paid from the excess that you derive over and above the ordinary revenue duty. Calcu-

lated again, according to the figures given in the Tariff Board's Report, and deducting the *ad valorem* revenue duty from the protective duty that is sought to be imposed under the scheme propounded by me, we get roughly speaking Rs. 65½ lakhs of excess of protective duty which will be the source available for the payment of bounties. I shall give the figures in a minute. With regard to rails, it is 34,000 tons: at Rs. 2½ which is the excess of the protective over the revenue duty, we get Rs. 85,000. On galvanised sheets which are 2,83,000 tons, again at Rs. 6 we get Rs. 16,98,000. Similarly, structurals,—1,40,000 tons at Rs. 10 it comes to Rs. 14 lakhs: bars 125,000 tons at Rs. 16 give us Rs. 20 lakhs; and plates—45,000 tons at Rs. 10 give us Rs. 4½ lakhs; and sheets 46,000 tons at Rs. 20 give Rs. 9,20,000. The total is roughly Rs. 65½ lakhs. This is the scheme; but I know that this is subjected to very severe criticism both by the Honourable the Commerce Member and also by the Honourable Mover. It is said that in committing ourselves to this bounty scheme we are embarking upon a scheme in which the financial commitment will be undefined, that we are committing ourselves to an undefined liability with regard to bounties, because the output of steel is increasing gradually. Secondly, that with the increased production of steel in this country the imports will correspondingly decrease and therefore the source of these protective duties may dry up. It is argued, therefore, that while on the one hand the output having increased our liabilities by way of bounties will increase, on the other as our imports correspondingly decrease, the source from which we can pay bounties will gradually dry up. I cannot help saying that this argument is either a fallacy or is merely an attempt to mystify things by hoodwinking the Council. I will state my reason for saying so. With regard to the expansion of output of steel in this country, that must be from two sources; first of all it must be from the Tatas and secondly it must be from new firms which may be started hereafter. With regard to Tatas, it is impossible to sustain the argument for a minute. The whole scheme of the Tariff Board is based upon the assumption that the average output during the next seven years of Tatas would not exceed a certain quantity—it will be 5 lakhs of tons after some time and 6 lakhs in 1933; it is further based on the further assumption that the allocation of the proportions of the various varieties under the scheme will also remain practi-

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cally the same without any wide margin of disturbance. The whole scheme of the Tariff Board will fail if there is any wide disturbance either in the average output or in the allocation of the proportion of the various kinds of steel, because all the recommendations hang together, and if there is any violent change in the output of Tatas, the whole scheme will go. Therefore, it is inconceivable that the Tatas could manufacture the bounty-fee articles in any large proportion, that is, in any proportion much larger than that contemplated by the Tariff Board. I shall substantiate my statement by reading one passage from the Tariff Board's Report which is, I think, a sufficient answer to any such contingency being contemplated with any real sense of danger. In paragraph 166 what the Tariff Board say is this—

"The figures of works costs and the distribution of the overhead charges and profits, which to a large extent govern the amount of protection required, presuppose an approximate allocation of the output between the various classes of finished steel. This allocation is determined on a consideration of economy in working arrangements and of the market for the various classes of finished products. It is obvious, therefore, that a change in any one duty so considerable as to necessitate a material redistribution of output, might have the effect of seriously disturbing the calculation on which other duties are based."

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In plain non-technical language, it means that it will be impossible for Tatas to manufacture on an economical scale larger quantities of this bounty-fed article except to the extent contemplated by the Tariff Board. Therefore, the assumption that the large expansion in the output of these articles will commit us to any indefinite liability with regard to bounties is, to say the least, a very unfounded allegation. Even assuming that the proportions will vary, the total output will not vary, because they say they cannot go beyond 6 lakhs at the end of the period; even then they will have to import at least 7 lakhs. According to present computation our needs are about 12 lakhs of tons a year, and with the promised railway expansion and other works, we shall have demand for a much larger quantity of steel. My calculations have to undergo only a slight variation with reference to the change in the proportion of the articles that will have to be imported, and the import itself will not disappear. It is impossible for a contingency of that kind to arise.

Then with regard to new firms coming into existence and putting up a large quantity of steel in the market, I think it is also a contingency which need not seriously disturb us. As Tatas themselves are struggling, I can hardly imagine that before the 7 years elapse anybody will sink a large capital sufficient to produce enough steel so as to have a disturbing effect on our calculations. They will require much more protection than is given to Tatas, and I do not think that, in view of the precarious protection that Tatas themselves are enjoying anybody will care to come into the field soon and put into the market large quantities of steel. Therefore, Sir, the objection taken on this ground is more imaginary than real.

Then the Tariff Board very curiously seems to doubt whether the system of bounties will really give that amount of protection to Tatas as the industry requires. That is a very curious statement. It is only two years since they have recommended that bounties are the best, and what have we got as a result of the recommendations of the Tariff Board which were accepted by the Government? We now find that in 1923-24 Tatas produced only 163 lakhs of tons, and now they produce 380 lakhs of tons, and that the cost has gone down from Rs. 126 to Rs. 98 per ton. It is expected that 1933 they will produce 600 lakhs of tons and that the cost will go down to Rs. 78 a ton. Well, if we are justified by previous experience in finding that the bounty has produced a very good effect, what is the reason for now apprehending that the system will not produce the same results which are so patent? Another important result is to be found in the fact that the Tariff Board says that the allowance for depreciation and overhead charges was Rs. 57 a ton in 1923, but we have come down to Rs. 39 now. This feature is even more satisfactory than the output and the reduction in the cost of production. With such splendid results which the bounties have produced during the last two years, is there any reason for the Tariff Board's apprehension that the system of bounties will not continue to produce the same satisfactory results as it had produced during the last two years?

Then, Sir, finally, the system that I am advocating does away with that very vicious thing, namely, Imperial or British preference. The uniform duty on steel from all sources, whether of British or non-British origin, coupled with bounties, therefore, has got these four advantages. *Firstly*, it does away with the principle of preference to which India seriously objects; *secondly*, it lightens the burden of the tax-payer by removing the unnecessary burden which he has to bear by penalising Continental

steel; and *thirdly*, it prevents the Government from pocketing a very in-equitable source of revenue, namely, excessive protective duties which do not help the Tata industry but only afford a measure of generous preference to the British industry:—a very large amount of money goes into the Government's pockets as protective duties which it is not right that they should take when it is unnecessary for the purposes of protection. And *Fourthly*, it is not less beneficial to Tatas as they get the same amount of protection. Therefore, Sir, my scheme, while giving the same protection, does away with many of the objectionable features contained in the official scheme.

As I have already said, Sir, it is unnecessary for me to touch upon the other schemes propounded, and I have said enough to show that the official scheme is beset with grave dangers. The scheme of bounties and duties is open to less serious objections and has at least four main advantages which I have enumerated. It is not necessary for me to deal more exhaustively with the relative merits of the two schemes because they were discussed at great length in the other place and most of the Members of this House are expected to be familiar with many of the arguments. I have put before the House such arguments as I have considered to be strictly relevant and material. There are other amendments by Sir Sankaran Nair and the Honourable Mr. Chari which are to be discussed as they are also opposed to the official scheme, so I do not propose to detain the House any longer. I move formally my first amendment, and at the same time I may remind the House that all my amendments go together. With these words I commend my amendment to the House.

THE HONOURABLE THE PRESIDENT: Amendment moved:

“That in sub clause (1) of clause 2 in the proposed sub-section (4) the words “of British manufacture” be omitted, and that the proposed sub sections (5) and (6) be omitted.”

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, the opposition to this Bill is mainly based on the fact that the scheme embodied in this Bill is open to political and economic objections. My friend apparently is under the impression that in countenancing and supporting a scheme of differential duties Government is endeavouring by the back-door to bring in a scheme of Imperial Preference. I am afraid there is no remedy for either suspicion or prejudice, and when people see in the actions of Government every time a sinister motive or some dishonest object it is very difficult to convince them. My friend knows perfectly well the history of the fiscal policy of the Government of India and as accepted by the Secretary of State for India, and yet on this occasion my friend has attacked the Bill on the ground that the Government is surreptitiously including in this Bill “the vicious” principle of Imperial Preference and that in other words the real object of this Bill is to put the British manufacturer in a position of advantage as against his compeers on the Continent and in other parts of the world. Now, Sir, on this point, very few words are necessary to convince my Honourable friend and the Members of this Council that the Bill does not in the least savour of anything like Imperial Preference or preferential treatment. First, I shall draw the attention of this Council to the policy laid down in this connection. I want to make it perfectly clear to Honourable Members that the policy of Imperial Preference could not be introduced by the Government of India in the manner suggested by my Honourable friend, ~~that if~~ the Government of India desires to introduce the policy of Imperial Preference it can only do so with

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the express will and the consent of the Indian Legislature. I shall first quote the recommendation made by the Joint Select Committee on the Government of India Bill in their Report on clause 33. And what is stated in definite terms is this:

"Whatever be the right fiscal policy for India for the needs of her consumers as well as for her manufacturers, it is quite clear that she should have the same opportunity to consider her interests as Great Britain, Australia, New Zealand, Canada and South Africa. In the opinion of the Committee, therefore, the Secretary of State should, as far as possible, avoid interference on this subject when the Government of India and its Legislature are in agreement and they think that his intervention, when it does take place, should be limited to safeguarding the international obligations of the Empire or any fiscal arrangement within the Empire to which His Majesty's Government is a party."

This principle was ratified by the Secretary of State for India in his despatch of the 30th June 1921 and it was there distinctly laid down and for all purposes a practical assurance was given that no fiscal policy which the Indian Legislature does not approve and which has not the concurrent support of the Government of India will be adopted in India. Then, again, the Fiscal Commission, of which I had the honour of being a member, distinctly laid down in paragraph 262 of their Report that no change in the fiscal policy was to be introduced in the country without the free will and consent of the Indian Legislature. It is a small paragraph and I will read that to the Honourable Members. We stated in that paragraph:—

"We recognise that the question of Imperial Preference is one which can only be determined in accordance with Indian opinion and that the Indian view can be best ascertained by reference to the Council of State and the Legislative Assembly without whose free consent no such policy can be adopted. We feel confident that the Indian Legislature will consider the obligations of India in this matter as a component part of the Empire."

This recommendation of the Fiscal Commission, as the Council is aware, was given effect to by separate Resolutions both in the Assembly and in the Council of State and the policy indicated in the majority report of the Fiscal Commission was accepted by Government. It is impossible in these circumstances for any Government to introduce surreptitiously or by the back-door a policy of Imperial Preference or a policy of preferential treatment under the guise of Imperial Preference in any piece of legislation without the express sanction and the consent of the two Legislative bodies. I therefore ask Honourable Members of this Council to dissipate all their apprehensions in this regard. The matter is perfectly clear, is free from all doubt and we should look at this matter purely from the angle of expediency and from a business point of view.

Now, Sir, it is stated that a policy of differential treatment, a policy of differential duties is not only opposed to the interests of the country, but such differential treatment also savours of Imperial Preference. Now, let me tell the Council at once that the policy of differential treatment is not at all a new policy even in this country. This policy of differential duties has been adopted in many European countries. This policy of differential duties existed in India in the fifties of the nineteenth century. This policy of differential treatment has been given force to, has been accepted by the Indian Legislature so recently as the year 1919. Those who remember the past and the modern history of the working of this Council will have no doubt about the question. I shall just draw their attention to paragraph 14 of the Fiscal Commission's Report where we distinctly stated in discussing the question of import duties, that generally speaking at one

time duties on raw produce were at the rate of $3\frac{1}{2}$ per cent. and on manufactured articles at $3\frac{1}{2}$ or 5 per cent. but until 1848 these duties were doubled in the case of goods imported in foreign ships. Honourable Members will notice that even in the case where goods were imported in ships of different nationalities differential duties were imposed. After this date the nationality of the ship was ignored, but differential duties continued to be levied up to 1859 in accordance with the nationality of the goods, the duty on foreign goods being double the duty on British goods. In that year the differential duties on British and foreign goods were abolished. This principle was again effectively put into operation, as I pointed out, in 1919 by the Indian Legislature. I will again quote from the Report:

"In 1919 a principle was introduced which was entirely new to the Indian Tariff. Hitherto all export duties had been levied merely for the sake of revenue, but the export duty on raw hides and skins imposed in that year was put forward frankly as a measure of protection for the Indian tanning industry. It also contained another novel principle by providing for a rebate of two-thirds of the duty on hides and skins exported to the Empire and there tanned."

It would be clear to Honourable Members that differential duties do not necessarily involve or imply the adoption of the policy of Imperial Preference. The principles underlying differential duties are widely divergent from those underlying Imperial Preference. Differential duties mean or denote only differences in the scale of duties, and difference in the method of imposing that duty. Imperial Preference means a preference given to any outside country—to the mother country. If you for the purpose of protecting an internal industry impose a differential duty that does not mean that you are giving preference to the other country. Preference is a question of free gift. Preference is based on Empire sentiment. Preference is altogether a different matter. Preference is a free gift based on Imperial sentimentality. It is given for the express purpose of helping the mother country or any other Dominions which form a component part of the Empire. A differential duty is entirely different in its characteristic. It can be differentiated from Imperial Preference. In order to amount to Imperial Preference the duty must be so low that duty paid British steel must be in a position to undersell duty paid foreign steel. Now, in this case, differential duties have been imposed for a specific cause. The whole argument of the Tariff Board has been that the quality of the steel manufactured in England is of a standard character. It is always made to comply with a certain specification prescribed by the Board of Trade. On the other hand, Continental steel is not of a fixed or stable quality. On account of the uncertainty of the exchanges—as you are all aware, the exchange in France falls and rises very rapidly; of course, Germany and Belgium have now stabilised their exchange, but in many European countries the exchange is not yet stabilised on account of gross fluctuations in exchange Continental manufacturers do derive at times a greater advantage, and if the Tata steel industry is to be protected, it must be protected both against the Continental and against any other competing country. The fact that a lower duty is put on steel manufactured in the United Kingdom is solely due to the fact of the higher standard of the quality of their steel and of the definite conclusion arrived at by the Tariff Board that they are not likely to deteriorate their standard for the purpose of competing with other manufacturers. Therefore, where differential duties are imposed simply for the purpose of counteracting an evil and giving the Tata industry a steady, constant, and a real advantage and protection, it would be absolutely erroneous to argue that it amounts either

[Sir Maneckji Dadabhoy.]

to preference or that it is intended thereby to give an advantage to the manufacturer in England as against the Continent and that it causes any loss to this country. The differential treatment can be justified under many circumstances. On the question of quality it can be certainly justified. It can be fully justified if Continental countries dump their steel in India. We must have some sort of protection against dumping. We cannot go in for any anti-dumping legislation on account of our commercial treaties with many countries, but we can certainly without conflicting with the terms of those treaties or offending any rule of international law afford protection to our own national and basic industry by the imposition of differential duties.

THE HONOURABLE MR. V. RAMADAS PANTULU: Does the Honourable Member mean by the word "our" Indian or British?

THE HONOURABLE SIR MANECKJI DADABHOY: I am referring to India. I say the first concern of the Tariff Board, as my Honourable friend knows, was the protection of the Indian industry and the methods suggested by the Tariff Board are for the protection primarily of the Indian industry. We are not concerned at present with the position of European countries. I only referred to this argument as my Honourable friend has brought into his argument a foreign and entirely extraneous circumstance and is striving to discredit the most valuable scheme suggested by the Tariff Board by specious pleadings that it involves Imperial Preference or preferential treatment.

Then my friend next argued and wants us to brush aside the scheme recommended by the Tariff Board and embodied in this Bill for his scheme of basic duties *plus* bounties. Sir, I am perfectly aware that the system of bounties has certain distinct and manifold advantages. I myself supported the payment of bounties in 1924 when protection for the first time was accorded to the Tata Works. But we must also not lose sight of the fact that circumstances have considerably altered since. My friend makes a great point in this connection by stating that the Tariff Board which wrote the two previous reports came to a different conclusion and now in this report they depart from the policy then laid down. It is urged that they have thrown aside entirely their previous scheme and have now adopted a different method of treatment. I congratulate the Tariff Board on doing this instead of taking them to task for it. It shows that the Tariff Board has adapted itself to altered circumstances. It shows that the Tariff Board has taken into consideration what has transpired since their first recommendation. It distinctly shows that the Tariff Board has honestly and faithfully done its duty even in going against its previous recommendations and bringing forward a new scheme for the protection of the Tata Steel Works which is suitable under the present circumstances. Sir, to my mind the most serious objection to giving a bounty at this juncture is that it would involve the country in a heavy loss. It will involve the tax-payer in the payment of large sums of money. My friend has already pointed out the figures; he has stated that by 1933 the Tatas will be in a position to turn out altogether 600,000 tons; and I dare say probably five years later they may even produce one million tons a year. Think for a moment what these figures involve. If you have to pay a bounty of Rs. 11 per ton for such a huge quantity, what will be the

drain on the tax-payer? The drain will be enormous. I am aware that the Fiscal Commission has recommended a system of bounties for the support of infant industries. But the recommendation which they have made is not of an inflexible character; the recommendation which they have made is of a purely suggestive character provided all the circumstances are such that the giving of a bounty would be suitable and appropriate for any particular industry.

Another important point which should go against the argument of my Honourable friend is that the payment of bounties would not give to the Tatas an adequate and an effective protection. This matter has been made perfectly clear by the Tariff Board, I think, in paragraph 98—I cannot lay my hands on the paragraph at the moment—but they make it perfectly clear in their Report and they have argued at considerable length this question that if we adopt this system at the present juncture, it will not give an effective protection to the Tatas which they deserve and which indeed ought to be given. I submit that these reasons are conclusive. My friend has suggested a scheme; I can suggest several schemes for giving protection to Tatas; but I prefer to subordinate my personal opinion to the opinion of an expert body like the Tariff Board which sat for a period of eight months, recorded a voluminous amount of evidence, inspected various works, examined a large body of expert witnesses interested in the industry, and came to a definite conclusion that a particular scheme was more suitable and of an advantageous character. You are aware that the Tariff Board is practically an expert body. With its experience of three or four years, even with a small change in the personnel of the body, it was certainly in a much better position than any one of us—even than my friend Mr. Ramadas Pantulu—to suggest a scheme. I am not prepared to brush aside a well and carefully considered scheme of the Tariff Board—an expert technical body—for any scheme for which I might myself entertain some bias or predilection for. The Honourable Sir George Rainy has fully explained this morning the merits of the official scheme. He has shown that of the six schemes that were open to the Tariff Board and discussed by them, the Board came to an impartial conclusion that the scheme embodied in this Bill is the most prudent and one which could be confidently adopted now. I certainly think the Council will carefully consider all the arguments because I do not desire to go into the merits of the scheme embodied in the Bill because that scheme has been explained at considerable length by Sir George Rainy this morning with such masterly ability that any further discussion on that point seems to me to be absolutely unnecessary. I am therefore of opinion that the scheme embodied in this Bill is the proper one and I therefore oppose the amendment.

The Council then adjourned for Lunch till a Quarter to Three of the Clock.

The Council re-assembled after Lunch at a Quarter to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab: Nominated Non-Official): Before voting I wish to clear my position and to say something on the lines I put before the House at Simla. I have been always for free trade because I consider that the consumer should not be made to suffer. I think the House will remember that

[Colonel Nawab Sir Umar Hayat Khan.]

Sir John Bell and myself were the only two left who were against protection when the rest of the House was on the opposite side. Generally I make up my mind after due consideration and do not change it afterwards, but I must admit that one ought to have an open mind when hearing the other side. It was argued that the country should be self-contained, especially in times of war. If things from abroad do not come in time and the requirements of the country are not met here, the country might suffer. I have changed my view and am for protection for such things which are beneficial for the defence of the country, because I always place defence in the forefront. It is for this reason that I am entirely for the protection of steel. As to the amendment I am not an expert, but generally speaking, I think the poorer classes and agriculturists use things which are made locally by the local blacksmiths and so on. So, I do not think that they will very much suffer. So I am not for the amendment.

THE HONOURABLE SIR CHARLES INNES (Commerce Member): I propose to follow the example of the Honourable Mover of this amendment who I see is not in his place, and with your permission, Sir, to treat all the three amendments together because it is quite obvious, as you indeed pointed out, they all hang together.

The object of the Honourable Mr. Ramadas Pantulu's amendment is to persuade the Council to discard the scheme embodied in the Government Bill and to substitute for that scheme another scheme of combining bounties with duties. He endeavoured to prove his case, in the first place, by criticising the Government scheme, and in the second place, by expatiating on the merits of his own scheme. Now, Sir, I propose to deal very shortly with his criticisms of the Government scheme and I do so for a very obvious reason. If an Honourable Member sets out to persuade this Honourable Council to discard a carefully thought scheme, a scheme, prepared after eight months' labour by a Tariff Board which devoted itself entirely and solely to this problem of the proper way of protecting the steel industry—if an Honourable Member wishes to discard that scheme and substitute a scheme of his own, I claim that he must be able to show that his scheme is, so to speak, a finished scheme and that it is not open to obvious objections. I shall deal with that aspect of the case later because I regard it as the most important aspect of the case. I propose to deal very shortly with his criticisms of the Government scheme. His main criticism of the Government scheme I might describe compendiously in the following words. He accuses me of trying to introduce surreptitiously the thin end of the wedge of Imperial Preference by the back-door. Now, my Honourable friend, Sir Maneckji Dadabhoy has dealt with that aspect of the case and I venture to say that he has dealt with it with an authority which nobody else in this House can command. For Sir Maneckji Dadabhoy was a member of the Indian Fiscal Commission which devoted a great deal of time and thought to this question of Imperial Preference, and Sir Maneckji Dadabhoy has made it quite clear to the Council that the Government and the Tariff Board are not asking this Council or the Indian Legislature to commit themselves to any general scheme of Imperial Preference. The point is this. In the particular case of steel the Tariff Board has found that the best way of protecting the industry is to discriminate between British and non-British steel. Sir George Baily in

his very clear speech this morning explained the reasons why the Tariff Board made that proposal. I think he made it perfectly plain to the Council that the reason why the Tariff Board made that proposal was that it was quite satisfied that that proposal was, in all the circumstances of the case, the proposal most consistent with the well-being of the community in India. That was the sole object which the Tariff Board had and which the Government have in submitting this scheme for the approval of this Council. Their object is to do what is best for India. It is quite true that incidentally the scheme does a certain amount for the British manufacturer, but that is not the object of the scheme and it is that which differentiates this scheme from a scheme based wholly upon Imperial Preference. Now, Sir, what impressed me most in the Honourable Member's speech was that he thought that it was a perfectly sufficient criticism of the Government scheme to say that it involved the vicious principle of Imperial Preference. Why vicious? The Honourable Member gave us no answer to that question. I should have thought myself that India had derived sufficient advantages from its connection with Great Britain for this House and the Honourable Member in particular to take rather a bigger view of this question. What I should say to the Honourable Member is for the future to think big and not to fasten upon those old shibboleths and to believe that it is a sufficient criticism of a carefully thought scheme merely to say that it embodies the vicious principle of Imperial Preference. I should have thought that the Honourable Member would have taken into account the fact that you have a Tariff Board here saying that this scheme is in the interests of India, and that if he was satisfied that it was in the interests of India he would not have minded the fact that incidentally it might benefit the British manufacturer

THE HONOURABLE MR. V. RAMADAS PANTULU: Then you admit that it involves Imperial Preference?

THE HONOURABLE SIR CHARLES INNES: Then, Sir, the Honourable Member went on to give us a réchauffé of all the numerous objections which have been taken to this Bill during the last few days. He brought out the old old story that one of the inherent dangers of the scheme was that the British manufacturer would deteriorate his standards, and that the British manufacturer in future would stop making standard steel in order that he might capture the Indian market for non-standard steel. Sir, when the Honourable Member made that remark, it was perfectly obvious to me, and I imagine to the rest of the Council, that he was entirely ignorant of what is meant by making steel according to British standard specification, and that, Sir, after Sir George Rainy had very clearly explained the point. One of the reasons why steel is made in Great Britain to British standard specification is no doubt in order that the steel which is made may ensure the safety of life and property, but as Sir George Rainy said, one of the main objects of standardization of steel is to secure economy in manufacture, and it would not be economical for any manufacturer of steel to switch off from standard to non-standard steel, in fact it cannot be done. If you switch off from standard to non-standard steel, you have to alter your rolling programme, you have to alter your melting programme, and you lose what is one of the main advantages of standardization, namely, economy of manufacture. But the Honourable Member has not noticed that that very point was put to Mr. Peterson, the main

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witness of the Tata Iron and Steel Company who gave evidence before the Tariff Board. The Tariff Board asked Mr. Peterson whether it would not be possible for the Tata Iron and Steel Company to make non-standard steel, and Mr. Peterson replied that it would not pay the Tata Iron and Steel Company, unless they switched off entirely from standard to non-standard steel.

Another point, Sir. For many years past the British manufacturer had the advantage of preference in other markets. He gets preference in Australia—and I have got actual figures here,—the preference he gets in Australia is very much greater than the discrimination or preference which is proposed by this Bill of ours, and yet, Sir, nobody has yet accused the British manufacturer of deteriorating his standards in order to send non-standard steel to Australia. I submit, Sir, that this bogey that the British manufacturer is going to debase his standard is entirely without foundation, and if he did, what would be the effect? He would send cheap steel to India, and immediately under new clause 2 of our Bill, the basic duty would be raised against him.

Then again, Sir, take this so-called danger that India will be flooded with rejections. It is perfectly true that in England when steel is made a certain small proportion of that steel does not satisfy British standard specifications. It is that small proportion of steel which is known as rejections. Does the Honourable Member suggest that the British manufacturer will increase his percentage of rejections in order to enable him to send them to India? Surely, if you put it that way, the Council will see how absurd that suggestion is. It is perfectly true that you may have 3 or 4 per cent. of the steel made in Great Britain failing to satisfy the British standard specifications and as being classed as rejections, but as I pointed out in another place, the British manufacturer has a market for those rejections not only in England but in the Dominions, and it is exceedingly unlikely that any large quantity of these rejections will be sent to India. There may be a small amount coming into India—I have never denied that. But I have always taken the view, and that view has been upheld elsewhere, that the danger is so small that we need not take it seriously into account.

Now, Sir, let me come to what I may call the more important part of my speech; let me come to the alternative scheme proposed by Mr. Ramadas Pantulu. As Mr. Ramadas Pantulu explained this morning, the Government scheme proceeds upon the basis of a basic duty which will apply to all steel imported into India *plus* an additional duty on certain articles which will be paid by all steel imported into India other than the steel of British manufacture. Now, Sir, the Honourable Member has taken that additional duty and he has converted it into account. For instance, the duty on structural sections is Rs. 19 a ton, the additional duty paid by the non-British manufacturer is Rs. 11 a ton. The Honourable Member proposes that the duty of Rs. 19 a ton should in future be a uniform rate of duty and should be paid by all structural sections coming into India. He further suggests that instead of the additional duty of Rs. 11 a ton on Continental steel, the steel industry should be given a bounty of Rs. 11 a ton. He claims for that scheme that it will be cheaper for the consumer in India, that it will give sufficient protection to the steel industry and that, as I understand, it will be quite easy to work. He calculated the

cost as follows. It has been calculated by the Honourable Member that for over 5 years an annual average about 2 lakhs of tons of structural sections, bars, plates and black sheets which are the products on which bounties are to be paid will be made by the Tata Iron and Steel Company every year. At the rates of bounties proposed by the Honourable Member, the total amount payable in bounty on those 2 lakhs of tons will amount to 25½ lakhs of rupees. The Honourable Member has further calculated that the excess revenue we obtain from our protective duties is this year in the neighbourhood of 65 lakhs of rupees. I do not altogether accept his figures, but I will take them for the purpose of argument. Therefore, he says that the bounties payable on these 2 lakhs will come to 25½ lakhs of rupees, and you have got an excess revenue of 65 lakhs, and he asks us why not divert that 25½ lakhs from that excess revenue and give it as bounties? I think the Honourable Member will admit that I have explained his scheme quite clearly. I am quite prepared to admit that his scheme has superficial attractions, but I think it might occur to the Honourable Member that, if the matter were quite as easy as it has appeared to him, the Tariff Board and the Government would have accepted a scheme of that kind. But what do we find? We find that in 1923-24 when the Tariff Board first prepared its scheme of protection for the steel industry, it definitely set aside a scheme of that kind; the Tariff Board turned it down. We find again in 1926 the Tariff Board spent much time in considering how best to protect the steel industry. They definitely considered a scheme of that kind and they again turned it down, and I submit, Sir, it might have occurred to the Honourable Member that the Tariff Board had some good reason for not adopting a superficially attractive scheme of this kind. And, Sir, I propose to explain briefly what those reasons are to the House. But I must first, Sir, point out the extraordinarily slipshod manner in which the Honourable Member has framed his amendment. I understand, Sir, that the Honourable Member is a lawyer, and not being a lawyer myself and being an ordinary layman, I have always understood that the one thing that was necessary in a lawyer is extreme accuracy. I should like to invite the attention of the House to the proviso to the Honourable Member's amendments No. 2. In order to prevent too much money being available for payment of bounties, the Honourable Member intended to suggest that the amount of bounties payable to the steel industry in India should be limited to the excess revenue we derive from protective duties, that is from the excess revenue derived from protective duties over and above the amount of revenue we should have derived from ordinary duties. That is what the Honourable Member intended. But, Sir, I would invite the attention of the House to the actual wording of the proviso. It runs as follows:

"Provided, however, that the total amount of bounties payable under the section shall not exceed the amount recovered from the protective duties in any one year."

Now, Sir, what does the expression "protective duties" mean? It can only mean the duties chargeable under Part VII of the Schedule which is headed "Articles which are liable to protective duties at special rates". Now, Sir, the amount of revenue we derive from protective duties in Part VII of the Schedule is not 65 lakhs of rupees; it is somewhere in the neighbourhood of 2 or 2½ crores of rupees. The point is that this proviso was intended as a safeguard and as a limit. It was to be the limit beyond which we could not go in paying bounties to the steel industry. But, Sir, owing to the

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carelessness with which the Honourable Member has drafted his amendment—and I may add that the carelessness is the less excusable because I pointed out this difficulty in another place—this proviso is neither a safeguard nor a limit. There is nothing to prevent us—under the Honourable Member's scheme—as the Tata Iron and Steel Company becomes stronger and stronger, as it produces more and more steel, now going on paying it more and more in the way of bounties. That, Sir, I submit, is not a proposition to which this House should agree. But, Sir, leaving that point, let me first take the general objections, which have always impressed the Tariff Board and the Government, to a scheme which combines bounties with duties. I am quite prepared to admit that in the first scheme, the 1924 scheme, we did incorporate bounties into the scheme to a limited extent. Sir George Rainy explained to you the reasons why bounties were confined to rails. They were given in the case of rails because in 1921 the Tata Iron and Steel Company was tied up in long term contracts with the Railway Board for rails. And had we imposed higher import duties, it would have been no benefit whatsoever to the Tata Iron and Steel Company. It was for that reason that bounties were proposed for rails. Then again, when we assisted the industry in 1925 with bounties on ingot steel, that was a temporary expedient designed to meet the very severe crisis through which the firm was passing. We were enabled to do it for the single reason that we had only two years more of that protection on steel to go and we were quite certain that in these two years no other firm would come in. Now, Sir, we are now dealing with an entirely different proposition. We are dealing with a scheme of protection which is intended to last for seven years. That period of seven years has been selected for a particular reason, one reason being that at the end of the seven-year period we see reason to hope that no further measure of protection will be required, and the other reason being that we adopted a long period in order to induce new firms and new capital to engage in the industry. The Honourable Member is entirely sceptical as to whether any new firms will engage in the industry. But, Sir, he is sceptical because it suits his argument. We have here the definite authority of the Tariff Board on the subject. They say, here on page 81:

“The representatives of the Indian Iron and Steel Company and the United Steel Corporation of Asia, both of which firms have considered plans for erecting steel works in India”

Thus, there are two firms which have considered plans for erecting steel works in India. But the Honourable Member will tell me—or he would have told me had he known his case better—that the Tariff Board in their first Report stated that no new firm could get steel works going in a period of less than five years. This is quite true, taking a firm which is starting from the very beginning. But this Council knows that the Indian Iron and Steel Company has already got its blast furnaces ready making pig-iron on a large scale, and I am informed on expert evidence that it will take the Indian Iron and Steel Company not more than three years to put up steel furnaces and rolling mills. Therefore, I submit that it is a very real—I will not call it danger—for we hope that there is every possibility that in the course of the seven years we shall have firms other than the Tata Iron and Steel Company making steel in India, and, Sir, when we commit ourselves now to bounties for a period of seven years, before those seven years are out, we may have to pay far more in the way of bounties than the

Honourable Member is prepared to admit. Then again, Sir, the Honourable Member has based the whole of his calculations upon the average production during the five year period by the Tata Iron and Steel Company of these four classes, structurals, bars, plates and black sheets. The Honourable Member referred me to one of the paragraphs in the Tariff Board's Report in which the Tariff Board stated that they saw no reason to suppose that the Tata Iron and Steel Company would allocate its total production among the different products differently from what the Tariff Board estimated. But, Sir, if on certain classes of articles such as rails and galvanised sheets, the Legislature gives the Iron and Steel Company a protective duty very little greater than an ordinary revenue duty, and if for other classes of products it gives not only a protective duty but a very substantial bounty as well, does any one mean seriously to say to me that the Tata Iron and Steel Company will not concentrate as far as possible upon the four products on which they are getting bounties? Therefore, I say, Sir, that when the Honourable Member says that the bounty scheme will not cost more than 25 lakhs and after all that is merely an average, when he says that, Sir, I say that he is saying what we ordinary men in this Council cannot believe. That is our first and our general objection to the bounty scheme; we say that it is unsound finance for the Legislature to commit itself and its successors for so long a period as seven years to heavy bounties. On the one hand, we would be committing ourselves to an unknown liability and on the other hand, we should be faced with the prospect of a declining revenue from those protective duties. Then again, Sir, even assuming that the Honourable Member had worded his proviso, his amendment correctly, how are we going to decide what is the excess revenue derived from protective duties over and above what we should have derived from revenue duties? The Tariff Board, if the Honourable Member had studied the passage, has pointed out that this is a very difficult calculation. This Council has got to remember that had it not been for our scheme for protection, the Tata Iron and Steel Company would not be producing at the present moment nearly 400,000 tons of steel. This 400,000 tons of steel would have been imported into India and we should be getting revenue duties at an average of at least Rs. 10 a ton from those imports. Are we to take that factor into account or are we not? But, Sir, let me bring the Council down to the particular proposals made by the Honourable Member. He proposes—I should just like to invite the attention of the House that he proposes that a bounty of Rs. 11 per ton should be paid on bars. He merely calls it bars, and he calculates that Rs. 11 a ton would merely have to be paid on 90,000 tons which the Tariff Board estimates to be the average production of the Tata Iron and Steel Company of bars during the seven-year period. But the Honourable Member has entirely omitted to notice that the wording of his amendment that a bounty of Rs. 11 a ton should be paid would bring into his bounty scheme not only the bars mentioned on page 39 of the Tariff Board's Report but also tin bars. The Tata Iron and Steel Company makes a good deal of bar steel in a particular shape called tin bars. That tin bar is supplied under contract to the Tin-plate Company,—the contract price for the seven-year period being Rs. 83 per ton. The Tariff Board has definitely told us that no protective duty is necessary for tin bars and yet the Honourable Member quite omits to notice this and proposes that a bounty of Rs. 11 a ton should be paid on that bar steel because it is bar steel just as much as any merchant bar is. 50,000 tons of tin bar are made and another 5½ lakhs of rupees have to be added to the Honourable Member's calculation. Then again, Sir, the

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Honourable Member proposes that a bounty of Rs. 24 a ton should be paid on black sheets, and he says that that Rs. 24 a ton would have to be paid only on 13,000 tons. Sir, he is entirely mistaken. He has omitted to notice that in addition to making 13,000 tons of black sheet, the Tata Iron and Steel Company make 30,000 tons of galvanized sheet. The galvanized sheet is merely black sheet galvanized and if by not galvanizing the sheet, and in selling it as black sheet, the Tata Iron and Steel Company could get a bounty of Rs. 24 a ton. No doubt it would do so. In any case, after having manufactured black sheet, it will be entitled under the Honourable Member's amendment to claim a bounty of Rs. 24 a ton on that black sheet. There will be no sort of encouragement to galvanize these black sheets. That, Sir, adds another Rs. 7 lakhs to the cost of the Honourable Member's scheme.

Now, Sir, I have gone into these details because I want to show how utterly impossible it is for an Honourable Member, even though the Honourable Member may be a man of undoubted ability as my friend Mr. Ramadas Pantulu is, to sit down and in a few minutes to think out a perfect scheme of duties and bounties. I have pointed out to the House that the Tariff Board tried their hand at it twice, and twice they turned it down. The Honourable Member has now tried his hand and I have been able to show in a very few minutes that his scheme is open to every possible kind of objection which never occurred to him. Let me point out one other objection to the scheme. I say without hesitation that the bounty scheme proposed by the Honourable Member is entirely unworkable. For two years past we have been working on a scheme by which we paid bounties on rails and bounties on ingot steel. I am informed that in the Tata Iron and Steel Works at Jamshedpur the Auditor General has a staff now of audit clerks. These audit clerks count every ingot that is made by the Tata Iron and Steel Company, they weigh a percentage of them and they stamp them all. I understand that the number of clerks just for ingots alone is from 6 to 8. Under the Honourable Member's scheme you will have to have a horde of audit clerks in the Steel Company's works. Every bar—the bars run into thousands—every plate, every black sheet and every structural section will have to be counted, checked, weighed and stamps put on. The overhead cranes employed by the Tata Iron and Steel Company will be employed the whole time in moving about this steel for the purposes of the audit check. I have no hesitation in saying that from the administrative point of view the bounty scheme proposed by my Honourable friend is entirely unworkable. Let me refer again for a moment to bars. I pointed out that the Honourable Member had quite unwittingly dragged tin bars into his scheme. There is another objection to it. The Honourable Member is apparently not aware of the fact that steel bars are made elsewhere in India than at Jamshedpur. The Kumardubi Iron Works are making steel bars. It is perfectly true that they do not make them from steel made from pig iron in India. What they are doing is, they get scrap steel and scrap wrought iron and roll them into bars. Under the Honourable Member's amendment these bars will be entitled to the bounty. That was never intended. When we gave a bounty on ingot steel we expressly safeguarded ourselves by the Resolution that was accepted in another place from giving that bounty upon ingot steel other than ingot steel made from pig iron made in this country from Indian ores. Under the Honourable Member's scheme, as I have said, we shall

have to give bounties on bars made in the Kumardubi Iron Works and in other works for all I know on steel bars and wrought iron bars made from scrap steel and scrap wrought iron. I think I have said enough to show that the Honourable Member's scheme is going to be far more expensive than he dreams of, that it would lead to an unknown liability and that from the administrative point of view it would be quite unworkable. For these reasons, I oppose the amendment.

*THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: (West Bengal: Non-Muhammadan): Sir, I rise to oppose the Bill as reported by the Select Committee and to support the amendment moved by my Honourable friend, Mr. Ramadas Pantulu, as it seeks to remove some of the most objectionable points in the Bill, and I do so under a clear conviction that in my action I have been actuated by the best interests of my country. Sir, after the eloquent speeches just now delivered by my Honourable friends, I think there is hardly any necessity for me to say anything more on this point. But as the matter is of such vital importance and concerns the interests of millions of my poor countrymen I cannot record my silent vote without making a few general observations.

Sir, the Bill now before us seeks to protect an industry which is considered of great national importance. It is the steel industry. The steel industry is truly recognised as the basic national industry and has been truly described as the basis of the implements of peace and the sinews of war. Sir, only three years ago this Legislature accepted a policy of granting discriminating protection to the industries of India and most fortunately the steel industry was first chosen for the application of that policy. On examining the results achieved so far from the adoption of the policy of the protection of the steel industry, we can really congratulate ourselves when we see that the output of steel in India has steadily and marvellously increased, the output in the year after the adoption of the policy being more than double.

The Bill before us in order to be acceptable must satisfy certain requirements. It must provide for the protection actually necessary and no more. The protection which it seeks to give should not be a source of heavy burden to the consumers. The protection should be such as to attract shareholders to invest more capital in this industry so that on the termination of the period of protection, the steel industry in India can compete in the Indian market without protection or, in a word, can stand on its own legs.

Sir, on a brief examination of the Bill as reported by the Select Committee it is found that the Bill seeks to impose differential duties. When the Bill was first introduced in the other House great objection was taken to the principle of Imperial Preference or better British preference. It has been said that it is not Imperial Preference but a principle only of economic advantage or disadvantage. But, Sir, we on this side of the House hold a contrary view. The Member in charge has himself admitted in the other House that the Bill is open to the objection of discriminating by countries of origin and in this case we are discriminating in

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favour of Great Britain. Once we accept the principle in one particular case we will not be able to object in future to the adoption of a similar policy in similar cases. Sir, this must eventually lead us to what is called Imperial Preference. Sir, it is the Tariff Board which raises the greatest suspicion in our minds when we find in their report an uncalled-for remark declaring that the scheme suggested by them was not Imperial Preference. Sir, by making this statement they all the more say that it is Imperial Preference. If it was not so there was no need or justification for them to make the suggestion and try to argue against the scheme being said to contain Imperial Preference. Sir, we also cannot understand why the Board has intermixed a controversial matter with such a vital question.

Sir, my first objection to the Bill as it stands now is that the protection which this Bill seeks to give to the industry is very meagre during the first four years. The effect of the protection will be simply to keep the industry above water and the result will be that Tatas will somehow survive during the next seven years. It will not attract people to invest their monies and consequently an increase of the output of steel in India is impossible. It was never the object of the Fiscal Commission, as was accepted by this Legislature, to give only a subsistence allowance; on the other hand, the object was to give such a protection as will allure people to invest more money in the industry so that new steel concerns may come into existence.

Sir, my next objection is that it seeks to give a good deal of protection to steel coming from Great Britain. Sir, this discrimination is suggested not for any benefit of the indigenous industry. I shall quote here a few lines from the speech of my Honourable friend, Mr. Jamnadas Mehta, delivered in the other House to show how British steel will benefit at the cost of Continental steel and that without the indigenous industry being a bit better off.

"From the figures stated by the Board British rails will get the benefit of a 7 per cent. reduction in duty; British galvanized sheets will get a 15 per cent. reduction in duty; fish-plates will get a 40 per cent. reduction; structural steel will get a reduction of 36 per cent.; bars will get 35 per cent.; plates will get 33 per cent. and only black sheets will be taxed 16 per cent. more than now; but against that the Continental sheets will be charged nearly 100 per cent. more. All these sacrifices will have to be undergone by the consumer, not for the benefit of the Tatas but for giving preference to import of British steel."

Lastly, Sir, the Bill seeks to impose an unnecessarily heavy burden on the consumers in the major part of India. Sir, to my mind this is the most objectionable feature in the Bill, especially when we see that the imposition of this heavy burden does not in any way benefit the Tatas. Sir, this recommendation of the Board is uncalled for, they were never asked nor had they the right to suggest the imposition of a burden which does not affect the industry beneficially in any way. Those parts of India which use Continental steel and where Tata steel cannot compete will have to pay under very modest calculations over Rs. 40 lakhs a year on Continental steel goods without Tatas being better off by a single rupee. This, Sir, as I have said, is the most objectionable feature in the Bill.

Sir, I have already taken much of your time. I shall only say in conclusion that we have absolutely no sympathy with the Bill which, whatever its advantages, whatever benefit it may bring to the Tatas or to the steel industry in general, seeks to give only precarious protection to the indigenous industry, imposes an unnecessarily heavy burden on the Indian consumer and involves in it the principle of preference to Britain as against other countries of the world. With these words, Sir, I oppose the Bill.

THE HONOURABLE RAI BAHADUR NALININATH SETT (West Bengal: Non-Muhammadan): Sir, I support the amendment moved by the Honourable Mr. Ramadas Pantulu. I am sure that the continuance of the protection to the steel industry in India is absolutely necessary at this stage in order that the industry may survive. I regret that the Bill, as passed by the Assembly, does not give any assurance to the people as to the future policy so that new capital may be induced to be laid in the industry as is definitely suggested in the Report. Then the point is as to how this protection should be given. It is not very clear why the Board decided that bounties should no longer form part of the scheme of protection. The Report, however, states that on a review of the progress of the steel industry during the past three years it is clear that the policy of protection adopted in 1924 has been a success. The question therefore is in which way should the protection be granted. I am in favour of bounties although it is not approved in the Report. The amendment as it stands limits the payment of bounty to the amount of the protective duties. There can therefore be no objection to bounty as proposed being paid from the financial point of view.

The Bill as passed by the other House proposes to differentiate between steel of British origin and of non-British origin. I do not desire to enter into the controversy as to whether this is really Imperial Preference or differentiation based upon the differences in the quality of the steel imported. The policy adopted in the Bill is certainly undesirable in the present circumstances. The preference is proposed mainly on the ground as stated that British steel is always manufactured on British standard specification whereas the Continental steel is not. It must, however, be remembered that Standard steel is also manufactured in the Continent and America. I can recall to my mind at least one concrete case on the point. Recently in the construction of a bridge in the town of Calcutta by the Calcutta Improvement Trust, where a large quantity of steel was used, the contractors were allowed by the highest experts on bridge construction to use Continental steel which conformed to the specification of the tender in place of the British steel tendered for. The result of this preference may be, as pointed out by the dissenting members in minority in the Select Committee, that the British manufacturer taking advantage of the assured protection given to him in the Indian market for a period of 7 years may lower the Standard of British steel imported into this country. The result can be brought about either by deliberately lowering the Standard or by a greater use of semi-finished continental steel. The Report makes the recommendation of the basic duty relative to the price of British steel chiefly on the ground that there is confidence in the stability of future prices of imported British steel although the Report admits that certain circumstances may react on the price of British steel which in the opinion of the Board will, however, be of a temporary nature and of limited extent. The Bill as passed by the other House makes a very important variation from the intentions of the

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Report by the addition of clause 2 (4), viz., that the Governor General in Council shall have the power to increase the duty leviable on British steel as well under certain circumstances. This addition by the Select Committee clearly indicates their doubt as to the stability of the price of British steel during the period of protection as they must have apprehended a reduction of the price of British steel and one of the reasons for the reduction in price may be due to the lowering of the Standard of British steel specially to make the same readily saleable in the Indian market.

Sir, there is no indication in the Bill as passed by the other House giving effect to the recommendation in the Report that the legislation should provide that the basic duties are definitely fixed and that the same should not be liable to alteration. The Report goes further and recommends that it is a matter of great importance that so far as possible the public should be reassured as to the future of the Indian steel industry by the form of the legislative enactment. This has not been done. On the other hand power has been given to the Governor General in Council to increase the so-called basic duty. This provision has entirely changed the policy of the Report.

The Bill as passed by the Assembly will throw a great burden on the consumer. It will no doubt benefit the British people and the Government of India so far as revenue is concerned but it will not benefit the country.

For these reasons I support the amendment

THE HONOURABLE MR. G. L. CORBETT (Commerce Secretary): Sir, I move that the question be now put.

THE HONOURABLE THE PRESIDENT: The original question was:

"That clause 2 do stand part of the Bill."

Since which an amendment has been moved:

"That in sub-clause (1) in the proposed sub-section (4) the words "of British manufacture" be omitted, and the proposed sub-sections (5) and (6) be omitted."

The question I have to put is that that amendment be made.

The Council divided.

AYES—11.

Desika Chari, The Honourable Mr.
P. C.
Govind Das, The Honourable Seth.
Mahendra Prasad, The Honourable
Mr.
Morarji, The Honourable Mr. R. D.
Mukherji, The Honourable Srijut
Lokenath.
Ram Saran Das, The Honourable Rai
Bahadur Lala.

Ramadas Pantulu, The Honourable
Mr. V.
Rama Rau, The Honourable Rao
Sahib Dr. U.
Roy Choudhuri, The Honourable
Kumar Sankar.
Sankaran Nair, The Honourable
Sir Chettur.
Sett, The Honourable Rai Bahadur
Nalininath.

NOES—33.

Abdul Karim, The Honourable Khan Bahadur Maulvi.
 Akbar Khan, The Honourable Major Nawab Mahomed.
 Annamalai Chettiyar, The Honourable Sir S. R. M.
 Bell, The Honourable Sir John.
 Bijay Chand Mahtab, The Honourable Maharajadhiraja Sir, of Burdwan.
 Brayne, The Honourable Mr. A. F. L.
 Charanjit Singh, The Honourable Sardar.
 Corbett, The Honourable Mr. G. L.
 Dadabhoy, The Honourable Sir Maneckji.
 Das, The Honourable Mr. S. R.
 Evans, The Honourable Mr. F. B.
 Forest, The Honourable Mr. H. T. S.
 Froom, The Honourable Mr. Arthur.
 Gray, The Honourable Mr. W. A.
 Habibullah, The Honourable Khan Bahadur Sir Muhammad, Sahib Bahadur.
 Haig, The Honourable Mr. H. G.
 Maumohandas Ramji, The Honourable Mr.

McWatters, The Honourable Mr. A. C.
 Mehr Shah, The Honourable Nawab Sahibzada Saiyad Mohamad.
 Misra, The Honourable Pandit Shyam Bihari.
 Nawab Ali Khan, The Honourable Raja.
 Rainy, The Honourable Sir George.
 Ranga Rao, The Honourable Raja Sri Ravi Swetachalapati Ramakrishna Bahadur of Bobbili.
 Singh, The Honourable Raja Sir Harnam.
 Singh, The Honourable Raja Sir Rampal.
 Stow, The Honourable Mr. A. M.
 Suhrawardy, The Honourable Mr. M.
 Swan, The Honourable Mr. J. A. L.
 Symons, The Honourable Major-General T. H.
 Tek Chand, The Honourable Diwan.
 Thomas, The Honourable Mr. G. A.
 Umar Hayat Khan, The Honourable Colonel Nawab Sir.
 Wacha, The Honourable Sir Dinshaw Edulji.

The motion was negatived.

Clause 2 was added to the Bill.

THE HONOURABLE SIR SANKARAN NAIR: Sir, I beg to move the amendment that stands in my name:

"That the following new clause be inserted after clause 2, namely:

'3. Notwithstanding anything to the contrary in this Act no protective duty at special or differential rates for articles of British and articles not of British manufacture shall be imposed under this Act if it is shown to the satisfaction of the Government of India or any persons appointed for that purpose by the Government according to the rules that may be made by the Government that there is no difference in quality between such articles of British and non-British manufacture as are being imported.'

I would have willingly left the Tariff Board alone without making any reference to its high authority but simply relied upon the facts stated in its report, but I am compelled to refer to it on account of the support that was sought to be derived from it both in the Legislative Assembly and in this Council as if its report were a State document behind which we should be very, very careful not to go. This reminds me of what a friend of mine, an old friend who is now dead—Sir William Hunter, so long connected with the Government of India, wrote when he was dealing with the Age of Consent Act. He said that on all the great social reform questions, and questions that came before the Council the Government of India usually referred the matter for opinions to certain persons who were likely to report as they wanted. Providence is always on the side of the Executive Government. When that Executive Government or the Member in charge has made up his mind as to what is to be done on a particular matter, and he has the selection of those members, it so happens that that Commission or that Committee somehow or other sends up recommendations with which the Government of India are in a position entirely to agree from beginning to end. I do not say that that is the case with this Tariff Board's report—

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not for a moment, but this came to my mind, when the Honourable Members who spoke on behalf of Government always flung it in our face, that that report of the Tariff Board was submitted by men who were well known to Government but whom the country did not know so well. So far, therefore, as to that part. Then, as to what was said both by Members on behalf of Government and by certain others that they were actuated mainly, if not solely, in the interests of India and that the interests of the British manufacturer had very little weight with them,—of course, I entirely accept it. But it is only due to those who take a different view, that they should know why it is that there are Members who are not always prepared to accept what they say. It is just this, that during the last year there was a great coal strike in England—a strike which commenced only in May but which affected all the industries of England, and no industry more than the steel industry. It affected that more than anything else. If the House will permit me, I will only refer to certain facts about it. The pig iron that was produced in England last year, that is, 1926, was 2,400,000 tons as against 6,000,000 in 1925 and the steel that was produced in England in 1926 was 3,500,000 tons, less than half of what was produced in 1925.

THE HONOURABLE THE PRESIDENT: I hope the Honourable Member will soon explain the relevancy of his present remarks. For the moment it appears to me that he is opposing his own amendment.

THE HONOURABLE SIR SANKARAN NAIR: If you will give me two minutes more, the relevancy will be clear.

THE HONOURABLE THE PRESIDENT: I think the Honourable Member should come to the arguments and leave the facts. I think the House is well aware of these facts.

THE HONOURABLE SIR SANKARAN NAIR: I am coming to that, Sir. Then, the other fact which has been only cursorily referred to in the Tariff Board Report is the fact of the steel combine in Europe, Belgium, Germany and Luxemburg. That steel combine is bound to affect the steel industries of England very much. If Honourable Members will turn to page 44, paragraph 83 of the Tariff Board Report, they will see that a reference to this subject has been made there. There is also the other fact to be taken into account. The steel products from the Continent have been coming into India to the detriment of the steel products from England. England is now considering whether she ought to join the steel combine in Europe. The result of all that is this, that England is particularly anxious now to exclude the Continental steel from India. Only when that Continental steel is excluded from India, can England successfully fight the combine of these four countries in Europe. Therefore, Sir, Government must not take the Honourable Members of Government that their first solicitude was India and not England. I leave the point at that. I hope I have made clear why it is that I have referred to the steel combine, and why it is that I have referred to the state of things in England. May be that it was not very easy for Members to understand my arguments, but if I was allowed a few more minutes to explain, they would have followed me better.

What I say is that in the present temper of India it is very necessary that the Government should not do anything to give room for such an impression, because there is no doubt of this fact, that we are discriminating

between England and the Continent in this respect, and the Honourable the Commerce Member on behalf of the Government said in the Assembly that this is a defect in the scheme and he would have willingly provided against it if he had seen his way to get rid of it.

Now, Sir, I come to my amendment itself which is intended to meet this difficulty. It has been explained to you that steel is of two kinds, that is, the standard steel, which is made according to British standard specifications, and the other steel which is inferior in quality is called the non-standard steel. The Honourable Member has fully explained what is meant by standard steel and for what purpose that specification is insisted on. We may also accept what he has said that the English steel which is generally imported into India is standard steel though it is denied by some that it is not standard steel. I will also accept the other statement that the Continental steel that comes into India generally is non-standard steel which also has been denied, but which I will accept. Therefore it is said that when different duties are imposed on English steel and Continental steel, it really means that the differentiation is between standard and non-standard steel, *i.e.*, according to quality. I will take first the standard steel in order to explain the argument and in order to explain the amendment. Take the structural sections of standard steel. You will find that British structural sections cost Rs. 104 and the Continental steel structures cost Rs. 86, the difference here is Rs. 18. Now the duty which is proposed to be imposed upon British steel is Rs. 19, so that the price of British steel comes to Rs. 123. The duty that is proposed to be imposed upon Continental steel is Rs. 30, so that the price is Rs. 116. That is the duty from Rs. 18 is reduced to Rs. 7. My amendment is this. If it is shown to the satisfaction of Government that the steel imported from the Continent is standard steel of the same quality as the steel that comes from England, and that such steel can be made at a cost of Rs. 7 more, *i.e.*, Rs. 93 for structural sections is not denied, then so far as that standard steel is concerned, the same duty should be imposed. I leave alone for the present the steel imported from the Continent which is not shown to be of the same standard as the British steel, but if the importer shows that the steel which he imports from the Continent is of the same quality and that it is quite as good as the British steel which is imported from England, then impose the same duty both on the British steel as well as on the steel which is imported from the Continent. If that amendment is accepted, it removes the blot on the scheme. Instead of saying that the duty on the English steel is Rs. 19 and the duty on the Continental steel is Rs. 30, you can say that the duty on the standard steel is Rs. 19 and on the non-standard steel is Rs. 30. Now the objection that was advanced by the Honourable Member who moved this motion this morning was that it will not be practicable. He repeated the objections that were advanced by the Tariff Board in their report. They say that you cannot have metallurgists at every station and at every port in India, you cannot have a man at every port to examine all these things, and moreover, even if that were possible, that would take some time and the commercial people would not stand all the delay that would be involved in this process. Now, Sir, there are two answers to that which I have indicated in my amendment itself. One answer is that this is not really an answer. The amendment itself gives power to the Government to make rules. They may say 'We will not have the articles examined, we will not allow you to give evidence here, but when you bring the article into India you must bring with you some evidence which we can look into and say whether it is made of standard

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steel or non-standard steel. If you cannot do that, then we shall not examine it, we are not going to waste our time to appoint officials at the various ports here and we are not going to waste our time in considering your evidence whether the article is of standard steel or non-standard steel. Now, cannot that be done? Let us consider that for a moment. The Government have with the Tatas themselves an officer, a metallurgist who is able to decide whether it is standard steel or non-standard steel. Supposing I am only indicating one of the ways in which it might be done—supposing the British Government or the Government of India have got their own officer paid by the German firms or other firms who want to import these things into India, an officer in whom they have confidence, and who is able to say whether the steel is of standard quality, whose opinion they might accept and with whose certificate that man comes here, would not that certificate be a sufficient authority for the Government or for their own officers, like the certificate of the metallurgist officer with the Tatas, that the steel is standard steel? Could not they do the same thing with any European firms who import these things here? Could not they do the same thing with them as they are now doing with the Tatas? I did not know that before, but the Honourable Member told us that English firms are doing that in Germany. They send their own experts into Germany to see whether the steel that is imported from Germany is standard steel or not and the English firms accept it. If the English firms find no difficulty like that and if in India itself the British Government find no difficulty like that at the Tatas, don't you think it possible, do not the Members of the House think it possible that some way might be devised whereby at the source itself an authority might sit and decide and be able to say to the satisfaction of Government themselves, this is standard steel: you can accept this as standard steel. I submit, therefore, that can be done. Well, if that can be done, then it removes not only this difficulty but it has so many other advantages in addition that I think it should be adopted.

The next argument which I would like to meet is the one arising from the difference in prices, the lower price for which the Continental steel can be sold in India, whether there would be sufficient protection to Tatas. Now, my answer to that is this. If the Government purchase all their articles of standard material from Tatas, as they are now purchasing both from Tatas and from the English manufacturers, at the price for which they now purchase them from England, I say Tatas will not want further assistance. Now mark this. Tata is now producing their steel not of standard and non-standard quality, but as the Honourable Member explained on behalf of Government, it is of the same quality, but a certain part of it is certified to be of standard quality and the rest is not certified to be of standard quality, because they cannot find a market for all their standard quality article. Therefore, they are obliged to meet competition, to sell the rest as non-standard steel. Very well. If the Government themselves purchase from Tatas all that they want, all that they are purchasing from the English manufacturers, at the price which they pay to the English manufacturers, then all the articles which are produced by Tatas there will find a market, they can sell it to this Government. That there is ample room for that is clear from the Tariff Board's Report and from what the Honourable Members of Government have been saying. The import tables in the Tariff Board's Report do not give the full imports there, because I see a footnote that they do not give the Government imports. But there is enough material now before us to show that Tatas

had not fairplay, as they call it, at the hands of the railway companies. I would invite the attention of the House to what is stated in the Tariff Board Report itself in this matter. You will find it on page 56, paragraphs 101 and 102. Standard steel is required now for all buildings, bridges and other works, in which any defect may endanger public safety. Now, all is under the control of the Government, that is under the control of the Railway Board and of the railway companies. It is in the power of the Government to insist upon all these things being purchased from Tata. Again rolling stock, railway bridges, and other constructional work—like everything that the railway requires ought to be and is under the control of the Government. Here I have to refer to one subject which is rather unpleasant. Now the Railway Board refers to Tatas' representation to them on pages 72 and 74 where it is said :

" We do not think however that the industry in this country has been treated fairly by the Railways concerned in connection with these orders. . . . They and their consulting engineers have, so far as we can see, done everything possible to divert their orders to England and to prevent our obtaining them. . . . It is impossible to avoid the conclusion that in many cases the designers have gone out of their way to design structures which cannot be made from steel made in India whoever designed the Jhelum Bridge must have been determined to give the Indian steel no chance."

4 P.M. The Tariff Board say that they are satisfied that there is no justification for such a charge. But they add a statement. They state :

" The expansion of the industry will be largely affected by its ability to dispose of an increasing output of structural material and within a few years this question will constitute a serious problem. It is therefore important that the railways should now undertake the revision of their designs for bridges, buildings and other works so as to facilitate the use of a larger proportion of Indian structural sections in the future."

That shows that their opinion is that the designs up to now have been of such a character that the Tatas could not avail themselves of them. Now, therefore, if these railways go on purchasing, as they ought to purchase from them, the results would be entirely different. Then on page 56 they mention who else have to purchase this standard steel. They are for irrigation and water supply schemes and municipal corporations, etc. The point is this. Those who really purchase and use standard steel which is got from England are either Government officials for Government purposes or other bodies which are directly under the control of Government. Let the Government then purchase these from the Tatas. The result of that will be that the Tatas will be able to find a market for their standard steel which they are not able now to do. Again the country also benefits from the scheme. The country benefits in this way. The steel industry is a basic industry and it is required for various other industries in this country. If, therefore, you can bring standard steel into this country without detriment to Tatas from the Continent at a cheaper rate it is really useful for the industrial development of the country, for starting new industries and other similar industries. You can bring in a lot of this standard steel at a lower cost from the Continent without detriment to this steel. Then again, another advantage is this. Both the Honourable Members who spoke on behalf of the Government said that it is the standard steel that sets the limit to the price of non-standard steel. Therefore if you can get standard steel from Germany at a lower cost, the result would be that the price of non-standard steel will also go down and the country will be able to benefit in that way also. So, in all these ways the suggestion which I have made would work in the interests of India.

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There is also one other matter. It would also prevent inferior goods from England coming over here. Well, Honourable Members have said that inferior goods will never be sent over here and that they will send only high class standard goods. It may be that they are sending only that now and it may be that they will send only that on account of Tata's production here. But if it is to their interest to send anything like that over here, they will send it. If this Bill is passed, we would be unable to interfere with it, whereas, if there are goods of the same standard coming over from Germany, goods of the same quality as the goods imported from England, it will be to the country's benefit on account of competition. Every trader, every commercial man, should be left free to do what he likes; no restrictions should be placed, as long as India's interests do not require it.

THE HONOURABLE SIR ARTHUR FROMM (Bombay Chamber of Commerce): What about protective duties?

THE HONOURABLE SIR SANKARAN NAIR: Even if I had to deal originally with it I would have voted against protection. The goods imported from the Continent even at that rate would be a check to any influx of inferior goods from England. If they do not import it, it does not do any harm. But if they do import, and the quality is shown to be the same as that imported from Germany, then the result of that would be that English goods cannot come here and displace the other goods. For these reasons, Sir, I put this amendment before you. I put it before you because I think it is to the interests of India that it should be done. I think that if it is not done, India would suffer. I think that what is being done now is a dangerous thing, that is, discriminating between England and any other country. We should be prepared to give England of course every facility if it can be done without any harm to ourselves. If we can discriminate between England and the Continent to the benefit of England we ought to do so provided only that we do not suffer thereby. In this case we would suffer if we allow this sort of discrimination. For these reasons, Sir, I put this amendment before the House.

THE HONOURABLE THE PRESIDENT: Amendment moved:

"That after clause 2, the following new clause be inserted, namely:

- '3. Notwithstanding anything to the contrary in this Act no protective duty at special or differential rates for articles of British and articles not of British manufacture shall be imposed under this Act if it is shown to the satisfaction of the Government of India or any persons appointed for that purpose by the Government according to the rules that may be made by the Government that there is no difference in quality between such articles of British and non-British manufacture as are being imported.'

THE HONOURABLE SIR CHARLES INNES: Sir, I must confess that I found the Honourable Member's speech as difficult to understand as I found it difficult to understand the actual amendment which he has proposed for the consideration of this House. The actual amendment says:

"Notwithstanding anything to the contrary in this Act, no protective duty at special or differential rates for articles of British and articles not of British manufacture shall be imposed under this Act if it is shown to the satisfaction of the Government of India or any persons appointed for that purpose by the Government according to the rules that may be made by the Government that there is no difference in quality between such articles of British and non-British manufacture as are being imported."

That, as far as I can see, is a purely negative amendment; and as the amendment stands it certainly leaves us in considerable doubt as to what actual duty is to be imposed. As I understand it, what the Honourable Member wants to propose is that if it can be shown that Continental steel is of standard quality or up to British standard specification, then it should be allowed in at the British rate of duty and should not be liable to the additional duty. Well, Sir, if that is what the Honourable Member means, all I can say is that his amendment does not say it and that he is asking this House to place upon the Statute-book an amendment couched in the most vague and unsatisfactory terms. As I have said I found it very difficult to follow the Honourable Member's speech. He began, as I understood him, by saying that he was moving this amendment as a protest against our flinging the Tariff Board's Report in the face of this Council and saying that the report must be treated as sacrosanct. If the Honourable Member says that that is the attitude that I have adopted towards reports and recommendations by the Tariff Board, all I can say is that the Honourable Member is very much mistaken and that he cannot have followed the history of the protection of the steel industry during the last three years. I have always taken the same attitude towards reports and recommendations of the Tariff Board; I have never claimed that these reports or these recommendations should be treated as sacrosanct; indeed, on more than one occasion I myself have refused to act upon them. But I have always claimed that whether one agrees with them or whether one does not agree with them, one must treat with the very greatest respect any recommendations of the Indian Tariff Board. And I am sure that the whole House will be with me when I say that

But, Sir, another point struck me about the Honourable Member's speech. He said that it was quite natural that some Members of this Council should feel that the first solicitude of the Government was for England and not for India. Well, Sir, I know no reason why the Honourable Member should make that statement; and if he makes that statement about the Government, is there any reason on earth why he should make it against the two Indian Members of the Tariff Board who made this recommendation? Is there any reason why Mr. Ginwala or Mr. Matthai should have more solicitude for England than they have for India? I think, Sir, that the Honourable Member should be careful of making charges and aspersions of that kind against two of his fellow-countrymen who have served this country very faithfully and well on the Indian Tariff Board.

Now, Sir, let me get back to what I take the Honourable Member's amendment to be. He has not said it in his amendment, but I understand his suggestion to be that if it can be proved—in what way it is not suggested—that Continental steel is up to British standard specifications, then that Continental steel should come in at the basic rate of duty and should not be liable to additional rate of duty. Well, Sir, the Honourable Member, I think, has not fully understood the difficulties of this case. When the Tariff Board proposed that we should differentiate between British and non-British steel or rather between steel of British manufacture and steel of non-British manufacture, they had in mind two difficulties. One was the difficulty that they did not want to do anything which would send up unnecessarily the price of standard steel. They told us—and what they have said has been accepted by every

[Sir Charles Innes.]

body which has considered the Report including the Select Committee on the Bill, and the Legislative Assembly and the Government—they told us that it was quite impossible for practical reasons to differentiate between standard steel and non-standard steel as suggested. The administrative difficulties of working a differentiation of that kind are quite insuperable. But, Sir, the Tariff Board had another reason in proposing this differentiation. What they said eventually was, as Sir George Rainy pointed out this morning, that since it is impossible to differentiate between standard steel and non-standard steel, differentiate between British and non-British steel, because to all intents and purposes you arrive at the same result. But, Sir, that was not the only reason which the Tariff Board had in view when they made this proposal. Another difficulty they were up against was the difficulty of prices. They found—and this is a finding on a question of fact which no one in this Council has got any right to challenge—they found that though British prices, prevailing in the first four months of 1926, may be taken as fairly representative of the level of prices likely to obtain during the whole period of protection, that could not be said of Continental prices. They absolutely declined to commit themselves to any forecast whatsoever as to the future course of Continental prices and they pointed out that one of the great difficulties confronting the steel industry in India was the fact that the prices of Continental steel were lower than they should be owing to the operation in some countries of a depreciated exchange; and therefore, by the device of differentiating between British and non-British steel they were able to kill two birds with one stone, so to speak; they were able to secure cheapness of price for standard steel which was their main object, and they were able to meet this further difficulty arising from the instability of prices of Continental steel the lower prices of which are very often due to depreciated exchanges. These were the two objects which the Tariff Board had in mind.

Now, let me revert to the Honourable Member's amendment. What he says is that where Continental steel can be proved to be of standard quality, let it in at the British rate. My first objection to that is that I do not see how it is to be worked. The Honourable Member himself admits that it is quite impossible to have in every one of our customs houses a metallurgical staff testing consignments of Continental steel and deciding whether or not they are up to British standard specification. He gets over that difficulty by saying "Make your own rules. Tell the people who import Continental steel that they must bring evidence before you to show that the Continental steel is up to British standard specification." Well, Sir, what evidence can they bring? Take the ports. They could bring a certificate; they could say "Well, this steel is certified to be of British standard specification." They do it now. Frequently consignments of Continental steel come in certified to be of standard quality; but what does the Tariff Board say? They say that the general buyer of steel in India has no organisation by which he can test the value of these certificates; and, Sir, when I saw that statement I went to the Indian Stores Department. I said "Is that statement correct? Is it a fact that there is no organisation in India by which you can test the value of certificates saying that Continental steel is of standard quality?" And the Indian Stores Department informed me that the statement was absolutely correct. They informed me that they had had to give up entirely buying in this country Continental steel certi-

fied to be of standard quality because they could put no reliance at all upon the certificates and because they had so many complaints from their customers. I noticed—and I dare say some Honourable Members of the Council have seen it too—only this morning in a Reuter telegram a statement to the effect that £2,00,000 worth of steel supplied by the Continent, by Continental manufacturers, to the South African Railways had been rejected by railway experts in South Africa as being entirely worthless. Now, Sir, the Honourable Member says that we should tell the general buyer “You have got to satisfy us that this steel is of standard quality.” How can he do it? He gives us these certificates; and as I have shown, these certificates are useless. The only way of satisfying yourself whether the steel is of standard quality or not would be to have it tested; and the only place where we could test it would be the Metallurgical Test House at Alipore. The Honourable Member referred to our Metallurgical Inspector at Jamshedpur. What does he do? He tests every cadre of steel made by the Steel Company to see whether its chemical composition is all right. He tests rails to see whether they are of the right gauge, whether their strength is correct, whether their weight is correct, and so on, and anybody can get a certificate from that Metallurgical Inspector, but that only after the proper test is made. So that, if you pass this amendment, it would be open to any importer of Continental steel to produce a certificate or whatever it may be and claim the benefit which this amendment is intended to give, but does not give, and we shall be back in the position which everybody has accepted to be impracticable, namely, that we should have a metallurgical test in the Customs House.

Then, the Honourable Member suggested “You may get certificates from your own Inspectors on the Continent to see that the Continental steel is of the standard quality.” That brings me back to another difficulty, but it is not a difficulty which we can get over in the way the Honourable Member suggested. I refer to the difficulty of prices. After all, what is this Bill intended to do? What is the primary purpose of this Bill? It is to protect the steel industry in India. That is the only object, and discrimination between British and non-British manufacture is purely subsidiary, incidental to the main purpose which is to protect the steel industry. What is the difficulty at the present moment? It is this, that owing to depreciated exchanges and other causes Continental steel comes in at a price with which the Indian steel cannot compete. And that applies to standard steel as well as non-standard steel. And how does the Tariff Board try to meet it? They have so adjusted the duties that Continental standard steel which costs according to the evidence Rs. 7 more than Continental non-standard steel will come into this country precisely at the same price as the British steel. Take structural sections. The fair selling price in India is Rs. 120. The Continental non-standard steel is Rs. 116 a ton and Continental standard is Rs. 123. Tatas sells its structural sections in the proportion of 50 against standard and 50 against non-standard steel. It would get for half its production Rs. 116 and on the other half Rs. 123, and on an average Rs. 120 which the Tariff Board tells us is a fair selling price which it must get over its whole production in order to earn a proper return on its capital. And, Sir, what would happen if we adopted the Honourable Member’s suggestion? We should get more of this Continental steel coming in at Rs. 116 or less than Rs. 120 and we should upset the whole scheme of the protection.

[Sir Charles Innes.]

Sir, I do not think that I need say any more. This proposal of the Honourable Sir Sankaran Nair is going to do very little to the Continental standard steel. Not much of it comes into this country. What does come in comes in precisely at the same rates as the British steel. We are not putting it to any disadvantage, we are merely depriving it of an advantage which it gets owing to depreciated exchanges. When my Honourable friend tries to prejudice the question by suggesting that the Railway Board and the railway companies do not buy sufficient steel from the Tata Iron and Steel Company, I must joint issue with him. Those representations of the Tata Company were examined most carefully by the Tariff Board and were rejected. The Tariff Board said that there was no force in them. They did say that the designs of the bridges should be altered so as to enable the Tata Company to sell more bridge steel to the railways. From that statement the Honourable Sir Sankaran Nair suggests that we have deliberately designed our bridges so as to prevent Tatas from competing. If the Honourable Member knew the facts he would not have fallen into errors of this kind. What has happened is this. The Tata Company at present rolls a limited number of sections. It does not like rolling small quantities of a large number of different sections. It likes to confine itself to a small number of sections. The sections which it rolls at present do not always fit our bridges, and it is for that reason that I hope to have standard designs for our railway bridges, and when we have standard designs, I hope that the Indian industry will be able to roll the sections we require. But it would be wrong for us to try and supplement this scheme of protection, which is a carefully balanced, well thought out scheme of protection, by insisting upon the Government, the railway companies, the Railway Board and the public utility companies all over India, buying the steel they require from the Tata Company, irrespective of prices, and that is what the Honourable Member suggests.

Now, Sir, I have tried to show that this amendment is not going to do very much, that it is going to be extremely difficult to work and it is going to be harmful to the steel industry in India. I would ask the Council in dealing with this amendment to remember that our main object is to give the steel industry in India the protection it requires, and if the House accepts this amendment of Sir Sankaran Nair it will be committing a serious breach in that scheme. Sir, I oppose the amendment.

THE HONOURABLE SARDAR SHIVDEV SINGH OBEROI (Punjab : Sikh): Sir, I rise to give my support to this amendment. I have carefully heard the speech of the Honourable the Commerce Member saying that if this amendment is adopted it would be impracticable to work, but still I remain unconvinced about the impracticability of the scheme and I therefore rise to support this amendment. I will try to be very brief. The steel industry is a very important industry no doubt, and the interest which has been shown in both the Houses in the protection of this industry has been very great indeed. I would not like to conceal my feelings as to what would have been the fate of the only company in our country, and that is, the Tatas, had the Government not come to its help in 1924 by passing a measure of protection in that year. I think this should be acknowledged and every Honourable Member of this House will join with me in expressing our gratefulness for the measure of protection which was extended to

that industry in 1924. Furthermore, the principle of protection has been acknowledged even now and a measure has been introduced in this Council for further protection for a period of 7 years. I think our thanks are due to the members of the Tariff Board, to the Honourable Member for Commerce and to the Government.

Sir, the only objection, the only grave objection which has been taken to the measure which is put before the House is this, that differential rates of duty have been fixed for British steel and Continental steel or non-British steel. This is the only thing which is taxing very hard the Swarajists, the Moderates and others also, who feel that no differential treatment ought to have been given to the various kinds of steel imported into this country. The Honourable Mr Ramadas Pantulu expressed the view that by this measure an attempt has been made to kill two birds with one stone. What I understood the meaning of that to be is this, that whilst providing a measure of protection for the Indian industry the framers of this Bill have given preference to or have protected or intended to protect the steel industry of England. I do not see any objection to it myself. I do not mind at all if out of the two birds one falls to the lot of India and the other to the lot of England. I find the interest of both countries, England and India, are knitted together. I find they sink or swim together. The reasons which have been given for putting a different rate of duty on British steel, as I gather from the speech of the Honourable the Commerce Member delivered in the Assembly, are given in this passage:

"The Tariff Board have absolutely declined to commit themselves to any forecast under this head. Then, Sir, they treat British steel and Continental as being different classes of steel. They tell us that to all intents and purposes British steel is equivalent to standard steel and Continental steel is equivalent to non standard steel. That is to say, British Steel is almost invariably up to British standard specification; on the other hand, Continental steel is ordinarily sold in this country without any guarantee of quality at all. . . ."

and so on. This shows that the preferential treatment proposed in this measure is only on this ground that British steel is considered to be of a better quality than non-British steel. I admit this statement. I do not question it. I think, Sir, it will not be out of place if I mention a small incident about the opinion held by an English expert with regard to British steel and non-British steel. I was in England in 1920 and I happened to go to Sheffield to see the cutlery industry there. One of the engineers of that place happened to be my friend and he offered to show me the cutlery making industry, and he also had a talk with me on the question of steel. He remarked,—I very well remember it,—that the German steel is not very much inferior, but that it is equal to the Sheffield steel in quality. He also said that the method of tempering in Sheffield is so very different to the method of tempering in Germany, that the blades tempered in Sheffield keep their sharpness of edge and also their brilliancy much longer than the German steel blades. I very well remember this, and I can say, though I am not an expert on this point, that this is the opinion of a Sheffield engineer. He did not say that the steel made in Germany is very much inferior to the steel manufactured in Sheffield. This I have cited merely to show what an expert thinks about the steel made in Sheffield and that made in Germany. Well, Sir, I do not question the decision of the Tariff Board as regards the quality of either British steel or non-British steel. This preferential treatment, I understand, would have a detrimental effect on some of the small industries of India. Of course, I know that safes,

[Sardar Shivdev Singh Oberoi.]

travelling trunks and boxes and such things are made in very large quantities in some places in India. I know of two places, one in my own town of Sialkot and the other is Gujranwala. A very large number of iron safes and chests are manufactured there, and I think the men employed in that industry would number not hundreds but thousands, and I can say also that the trunk making industry in my own place employs thousands of men. I find that Continental steel is being used in many of these industries and the cost of manufacturing these articles would increase, and consequently the consumer will have to bear all this burden. I find, Sir, that these small industries will also suffer if any preferential treatment is given to British steel. The amendment proposed by my Honourable friend is, I think, so innocent that there should not be any objection on the part of Government to accept it. If they base their decisions about the differential duty only on the ground that the quality of British steel is superior to that of Continental steel, and if measures could be adopted to find out the quality of Continental steel, if the Continental manufacturers claim to produce steel of the same quality as that produced by British manufacturers, I do not think there will be any harm if Government accepts this amendment. After all, Sir, this will show that on the policy of free trade, other countries are kept on the same level as British people are kept, and this would go a long way to remove the suspicion which prevails in this country that every measure which Government brings forward is for its own gain or for the benefit of its own countrymen and not for the gain of India. In my humble opinion, Sir, I think I am for this principle that the popularity of Government should be promoted and that at every step it should be maintained, because it is by popularity that the existence of any Government can be ensured, and I would lend my support to any measure which will enhance the popularity of Government or remove from the minds of the people doubts as regards the measures which Government introduce. With these few words, Sir, I support the amendment which has been brought forward by the Honourable Sir Sankaran Nair.

THE HONOURABLE RAI BAHADUR LALA RAMSARAN DAS (Punjab: Non-Muhammadian): Sir, I rise to support the amendment moved by my friend Sir Sankaran Nair. The reason why I lend my support to this amendment is that, as the proposed Bill is meant to give full protection to the Indian Steel industry, it will not be able to give that full protection unless this amendment is adopted, and the reason is this, because as at present proposed, in case the United Kingdom begins to manufacture non-standard steel and sends it out to India and dumps it on the Indian market, where will be the protection to the Indian industry? Government should safeguard it. At present, Sir, as far as my information goes, India consumes 12 to 13 lakhs of tons of steel, out of which one-third comes from the United Kingdom, that is to say, about 4 lakhs of tons come from the United Kingdom, and in case the British manufacturers decide, as the Tata Iron and Steel Company is now doing, to manufacture non-standard steel, how will the Government protect the Tata Steel Company? At present, the price of the British specification standard steel is Rs. 104 c.i.f. Indian ports, and the probable price at which the British firms can manufacture non-standard steel and deliver it at Indian ports will be somewhere in the neighbourhood of Rs. 94 or Rs. 95; so there will be a difference of Rs. 7 per ton which will mean that the British non-standard steel could be sold in India

at Rs. 114 as against Rs. 120 which the Tariff Board considers as the fair price for the Tata Iron and Steel Company, and because I want that full protection should be given to the steel industry, I support this amendment.

THE HONOURABLE SIR GEORGE RAINY: On a point of order, Sir. I submit that the observations which have fallen from the Honourable Member have no connection whatever with the amendment actually under consideration.

THE HONOURABLE THE PRESIDENT: It is a little difficult for the Chair to decide whether any observations on this amendment have any application to the amendment or not. Since I received notice of the amendment from the Honourable Member four days ago, I have been trying to read some meaning into it. I have listened to his speech for over half an hour to-day, and I must confess that I still find no meaning whatever in the terms of the amendment that he has drawn up.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, I formally move the amendment which stands in my name. I move it as an amendment to the amendment proposed by my Honourable friend Sir Sankaran Nair. It reads thus:

“ That the following new clause be inserted after clause 2, namely :

- ‘ 3. Notwithstanding anything to the contrary in this Act no lesser rates of protective duty on articles of British manufacture shall be imposed under this Act if it is shown to the satisfaction of the Government of India or any other person appointed for that purpose by the Government according to the rules that may be made by the Government of India that there is no difference in quality between such articles of British and non-British manufacture as are being imported ’.”

I want this clause to be substituted for the amendment of my Honourable friend, Sir Sankaran Nair. I am in agreement with the principle underlying his amendment and I want my amendment for this purpose. It is necessary to have a statutory declaration in the Act itself that no British preference is meant by the scheme of discriminating protection. Sir, to one who reads the provisions of these sections and the actual effect it has upon standard steel from the continent as also the effect it has on the British manufactured standard steel and it is quite patent that a benefit is directly intended to be given to the British manufacturer. I do not mean to say that the benefit was intended to be given, but, as it is, we find that the benefit is given. We cannot shut our eyes to the fact. Now, no doubt the Government and the Honourable Members who spoke on behalf of the Government disclaim that they had any idea or intention of giving this preference to British manufacturers, but it is necessary to make it quite clear that no preference is meant because as a matter of fact, we find that there is preference in that there is an advantage to the British manufacturer at least incidentally. This has been accepted by the Honourable Members who spoke on behalf of the Government and in view of the fact that speaker after speaker in another place has formed the same opinion about the intentions of the Legislature in putting these differential duties, I think it is necessary that we should have some provision in the enactment itself to belie the statement that any British preference was meant by these preferential duties. Sir, that is the main object, I should think, of the

[Mr. P. C. Desika Chari.]

amendment of my friend, Sir Sankaran Nair. But there is the other advantage also, that we should not shut out competition by excluding altogether Continental steel by branding it as an inferior sort of steel. We want that the same uniform rate of duty should be imposed on standard steel, whether it comes from Great Britain or from the Continent. You exclude altogether the possibility of having Continental standard steel of the same quality as the British standard steel and which is cheaper and it is not desirable that we should exclude it. I want that the principle of competition should exist between the British standard steel and standard steel which may be produced in Continental countries and which may be imported. If you take away this principle of competition by assuring the British manufacturer of preferential treatment, if the British manufacturer is assured of his position by a lesser rate of duty, then all the benefits which we expect from this sort of preferential treatment on economic grounds will surely go to the British manufacturer and not to the Indian industry as is expected, because I think, unless we have got this principle of competition coming in, it is not possible to adjust prices. No doubt, I quite see that the proper rate of duty should be something which is a mean between the basic duty and the highest duty which is proposed. But we find the Act as a whole throws overboard the weighted average system which would have been more suitable to the conditions in India. But, in the absence of such a system, I want this provision to be made, so that taking this provision along with sub-clauses (2) and (3) which are there, we shall have those provisos, which will operate to establish a medium rate between the lowest basic duty and the highest rate of duty. It is the effective operation of these two clauses that I want by adding the clause which I now propose. In the one case this can be done by insisting that "no lesser rates of protective duty on articles of British manufacture shall be imposed" and in the other this can be done by inserting that articles not of British manufacture should not have imposed upon them a greater rate of duty than on articles of British manufacture. Then the difficulty would be that when applying the provisions of the proposed amendment there would be a temporary period, after it is proved that articles of Continental steel of certain kinds are of the same type as the standard steel. When that proof is afforded, there will be a further difficulty. You must have some rate of duty. The Act as it stands has got the higher rate as well as the basic rate. Then we must fall back upon the one rate till the inquiry which is contemplated by sub-clauses (2) and (3) is completed. Then there is the possibility of reducing the duty under the provisions of sub-clause (3) and before the inquiry can be completed there is a period for which we have to make a provision. After the proof is afforded that certain articles of Continental type are of the same standard as British manufactured articles, there is a period during which the inquiry has to be made under sub-clause (3). It is only during this short interval for a limited number of articles that this higher rate of duty would prevail. I prefer the higher rate of duty to having the basic duty during the interval because of these reasons. As it is, the protection given to the indigenous industry is very precarious. And if during this period you have got a lowest rate of duty rather than the highest rate of duty, there is the danger, if the inquiry is protracted, of the industry getting extinct. It is only during this short interval and for particular purposes which are not likely to hit hard the consumers of standard steel during this period, that I want

the operation of the proposed clause. I think if a provision like this is put in, there will be an early chance of having the duty on Continental steel reduced, and I think it is quite necessary that the duty which is now levied on Continental steel and which is likely to deprive us of the benefit of lesser cost of production or of the various causes which would lower the price of British steel should be reduced; we ought not to be deprived of these benefits and if we ought to have them, the proper course is to have a system whereby we can have the rates of Continental steel reduced. With a view to provide for the interval, it is necessary that we must have either the basic rate or the highest rate before we can arrive at the medium rate. I think the object of those people who proposed the weighted average system in a modified form can best be attained by introducing a clause like this and at the same time it will be made absolutely clear that the Legislature and the Government of India are not prepared to accept this principle of British preference. Whether it is by the back door or the front door if we have a preference and if that preference is found in a Statute with the concurrence of both the Government and the Legislature, then you introduce that principle. I am objecting to the way by which that preference comes. I think it is not desirable at this stage to introduce this principle of preference. You must take care to put it in black and white that this principle of preference has not been acceded to by the Legislature. It is on this ground more than on any other that I support the principle underlying this clause. The verbal changes which I propose in the amendment of Sir Sankaran Nair would make it less vague and they would meet the objection of the Honourable the Commerce Member when he said that the provision is very vague. With these words, I commend this amendment to the House.

THE HONOURABLE THE PRESIDENT: Further amendment moved:

"That for clause 3 proposed in the amendment of the Honourable Sir Sankaran Nair the following clause be substituted, namely:

3. Notwithstanding anything to the contrary in this Act no lesser rates of protective duty on articles of British manufacture than on articles not of British manufacture shall be imposed under this Act if it is shown to the satisfaction of the Government of India or any other person appointed for that purpose by the Government according to the rules that may be made by the Government of India that there is no difference in quality between such articles of British and non-British manufacture as are being imported."

THE HONOURABLE SIR GEORGE RAINY: Sir, I propose to speak very briefly on what has fallen from the last three speakers. The Honourable Sardar Shivdev Singh Oberoi supported the amendment moved by the Honourable Sir Sankaran Nair mainly on the ground, I understood, that the smaller industries could obtain standard Continental steel at a lower price and that it would be beneficial to them. I can understand that argument, but I have always believed that the argument that was put forward in another place on behalf of the smaller industries was not that they would buy Continental standard steel, but, on the contrary, that the non-standard steel was quite good enough for them. If I am correct in my belief as to what these arguments really were, then I think the Honourable Member's arguments fall to the ground. He then went on to say that the amendment was so innocent that he could not imagine there could be any difficulty in accepting it. Well, if what fell from the Honourable Sir Charles Innes failed to make clear to the Honourable Member the difficulties which Government felt, I am afraid that there is very little hope

[Sir George Rainy.]

that I should be able to do so with any greater success. I will only very briefly reiterate the points. In the first place, there is the administrative difficulty. You have to ascertain whether the steel is of standard quality and the only possible means of doing that is to have a metallurgical staff and a regular testing house in every port in India. There is no other way of doing it. The second difficulty is that owing to the low prices of steel in the Continent at present, if the standard steel from the Continent were admitted at the British rate of duty, it would mean for the present a serious breach in the protection scheme, and would lead to inadequate protection for the Tata Iron and Steel Company and the steel industry in India.

The Honourable Rai Bahadur Lala Ram Saran Das supported the amendment because he thought it necessary in order to give adequate protection to the steel industry in India. Well, you have, Sir, from the Chair, told us how difficult you found it to understand the amendment. But if it has the meaning which was ascribed to it by the Mover, then the only possible effect it can have would be to admit a certain quantity of steel into India at a lower rate of duty and in that case it would make the protection less adequate and not more adequate.

Now, Sir, I think we are entitled to something a little more definite than the amendment as it actually stands on the paper. I have looked at it two or three times. The best I can make of it is this. No protective duty at a special or differential rate is to be imposed. Take bars. There is a duty of Rs. 26 a ton on bars of British manufacture. That is special to British bars and is different from the duty on non-British bars. Therefore, presumably, it is a special differential rate. Then we have the duty of Rs. 37 a ton on bars which are not of British manufacture. That is special for non-British and different from the duty on British. Here is another special differential rate. What the amendment proposes to do is to say, "You shall not collect Rs. 26 a ton and you shall not collect Rs. 37 a ton." In that case, I submit, Mr. President, that we shall not be able to collect any duty at all. That seems to me of itself a sufficient reason for rejecting the amendment. That is the only meaning which I have been able to put on it after a considerable amount of examination.

I come now to the amendment to the amendment which has been moved by the Honourable Mr. P. C. D. Chari. The object he has in view is the exact converse of what is proposed by the Honourable Sir Sankaran Nair. The Honourable Sir Sankaran Nair wanted the standard steel imported from the Continent to come in at the British rate. What Mr. Chari proposes is that the non-standard British steel should come in at the Continental rate. It is the exact converse. But it has been characteristic of the somewhat paradoxical tone of this debate that the Honourable Mr. Chari, after having moved his clause as a substitute for Sir Sankaran Nair's, proceeded to say that he entirely agreed and supported Sir Sankaran Nair's amendment. I submit, Mr. President, that it is extremely difficult for any one on behalf of Government to reply to a debate of this kind. Here again, the fundamental objection is this. In order to give effect to what Mr. Chari wants you will have to test every consignment of steel imported from Great Britain with a view to finding out whether it is non-standard steel, because this at least would be certain that no steel would be imported into India with a formal certificate that it was non-standard

steel, especially when by so doing it would become liable to a higher rate of duty. Therefore, you have got to test every consignment. I think that of itself will show that the proposals made are entirely impracticable.

THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB, OF BURDWAN (Bengal: Nominated Non-Official): I suggest, Sir, that the question be now put.

(The Honourable the President then rose to put the question.)

THE HONOURABLE SIR SANKARAN NAIR: I would like to reply, Sir.

THE HONOURABLE THE PRESIDENT: The Honourable Member has no reply.

The original question was:

“That clause 3 proposed in the amendment of the Honourable Sir Sankaran Nair be inserted in the Bill.”

Since which an amendment has been moved:

“That the clause proposed in the amendment of the Honourable Mr. Chari be substituted for that proposed in the amendment of the Honourable Sir Sankaran Nair.”

The question is that that amendment be made

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The question then is:

“That clause 3 proposed in the amendment of the Honourable Sir Sankaran Nair be inserted in the Bill.”

THE HONOURABLE SIR SANKARAN NAIR: I want to speak on that, Sir. Have I got no right of reply?

THE HONOURABLE THE PRESIDENT: The Honourable Member has 5 P. M. no right of reply.

The Honourable the President then put the question and the Council divided:

AYES—12.

Desika Chari, The Honourable Mr.
P. C.
Govind Das, The Honourable Seth.
Mahendra Prasad, The Honourable
Mr.
Manmohandas Ramji, The Honourable
Mr.
Mukherji, The Honourable Srijut
Lokenath.
Oberoi, The Honourable Sardar
Shivdev Singh.

Ram Saran Das, The Honourable Rai
Bahadur Lala.
Ramadas Pantulu, The Honourable
Mr. V.
Rama Rau, The Honourable Rao
Sahib Dr. U.
Roy Choudhuri, The Honourable Mr.
Kumar Sankar.
Sankaran Nair, The Honourable Sir
Chettur.
Sett, The Honourable Rai Bahadur
Nalininath.

NOES—30.

Abdul Karim, The Honourable Khan Bahadur Maulvi.
 Akbar Khan, The Honourable Major Nawab Mahomed.
 Bell, The Honourable Sir John.
 Bijay Chand Mahtab, The Honourable Maharajadhiraja Sir, of Burdwan.
 Brayne, The Honourable Mr. A. F. L.
 Charanjit Singh, The Honourable Sardar.
 Corbett, The Honourable Mr. G. L.
 Dadabhoy, The Honourable Sir Maneckji.
 Das, The Honourable Mr. S. R.
 Evans, The Honourable Mr. F. B.
 Forest, The Honourable Mr. H. T. S.
 Fromm, The Honourable Sir Arthur.
 Gray, The Honourable Mr. W. A.
 Habibullah, The Honourable Khan Bahadur Sir Muhammad, Sahib Bahadur.
 Haig, The Honourable Mr. H. G.
 McWatters, The Honourable Mr. A. C.

Mehr Shah, The Honourable Nawab Sahibzada Saiyad Mohamed.
 Misra, The Honourable Pandit Shyam Bihari.
 Nawab Ali Khan, The Honourable Raja.
 Rainy, The Honourable Sir George.
 Ranga Rao, The Honourable Raja Sri Ravu Swetachalapati Ramakrishna Bahadur, of Bobbili.
 Singh, The Honourable Raja Sir Harnam.
 Stow, The Honourable Mr. A. M.
 Suhrawardy, The Honourable Mr. M.
 Swan, The Honourable Mr. J. A. L.
 Tek Chand, The Honourable Diwan.
 Thomas, The Honourable Mr. G. A.
 Thompson, The Honourable Sir John Perronet.
 Umar Hayat Khan, The Honourable Colonel Nawab Sir.
 Wacha, The Honourable Sir Dinshaw Edulji.

The motion was negatived.

Clause 3 was added to the Bill.

Clause 4 was added to the Bill.

THE HONOURABLE THE PRESIDENT: If any Honourable Members want me to put particular items in the Schedule I shall do so; otherwise the question before the House is that the Schedule stand part of the Bill.

The motion was adopted.

The Schedule was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR GEORGE RAINY: Sir, I beg to move that the Bill to provide for the continuance of the protection of the steel industry in British India, as passed by the Legislative Assembly, be passed.

THE HONOURABLE SETH GOVIND DAS (Central Provinces: General): Sir, being a business man myself I do not want to give my silent vote on this most important commercial measure. But, Sir, at the same time, at this late hour I do not want to take up much of the time of the House by putting forward figures which have already been put before this House by many Honourable Members and also in the other place. I shall only make a few general remarks. At the very outset let me point out that I and my party—I mean the Congress Party—in this House are not in any way opposed to protection. From the very beginning we have been advocating protection from the platforms of the Indian National Congress. The policy of protection has been advocated for years past and that is why in 1924, when the subject was for the first time brought before the Legislative Assembly, the Swaraj Party, though it was pledged to oppose every measure brought forward by the Government, supported the Bill for protecting the steel industry. But now the position is quite different. The

Bill which has been brought to-day in this House does not merely ask for protection; it does something more and it asks for, Sir, differential treatment for steel of British origin. The Honourable the Mover of this Bill said in his first speech that in 1924 the Tariff Board could not bring up such a measure. He further said that there were many reasons for it. The Honourable the Commerce Member stated that this differential treatment means killing two birds with one stone. He said that it was going to give us cheap standard steel and also to protect the Indian industry. He also gave reasons for that. But I say that these are not the real reasons owing to which this differential duty has been introduced. The reason is quite different, and it is that the British steel industry is collapsing. This was conclusively proved in the other House. In order to throw further light I will only quote from Hansard. In 1924 one Mr. Lambert asked Mr. Webb, the President of the Board of Trade, as to "why the recent British tenders for the supply of 5 locomotives to the Indian State railways were higher in price than those of German and Italian firms". In a supplementary question he put the whole thing straight:

"May I tell my Right Honourable friend that the point is that the British manufactures are unable to compete in India and Egypt with foreign manufactures, and that being so, it is a definite question for the Board of Trade."

From this and from many other sources the fact that the British steel industry is collapsing is quite clear and the differential treatment which has been introduced is mainly due to that. We want protection, no doubt, but we do not want this kind of protection. It is said that we must have standard steel. Well, Sir, it is a very, very old argument. We must have everything of a very superior nature. Mr. Lloyd George in his very remarkable speech, which has now become a historic speech, said that India must have the steel frame of the Civil Service. Now, it is desired that every house in India should have standard steel. But, Sir, everybody does not want standard steel. The Honourable Mr. Ramadas Pantulu has pointed out that everybody does not require steel for building Howrah bridges or railway lines. India has enjoyed—I mean the consumer in India—the benefit of the cheap Continental steel for about 50 years and now he will have to pay a higher price on kinds of steel—bars, beams, plates, sheets, etc.,—and, Sir, in the case of sheets even 100 per cent. higher. Then, where is the guarantee that the cheap Continental steel will not come into India under the British trade mark? The Honourable the Commerce Member tried to meet this point in his speech, but he was not at all convincing. In 1924 Great Britain imported steel from the Continent to the extent of 25 lakhs of tons. Now, where is the guarantee that this steel, which Great Britain is importing, will not find its way into India under the British trade mark? He could not give any such guarantee to us. In view of this I am tempted to wish for a dependency, just as Great Britain has in India, where I could have dumped cheap Continental steel under the Indian trade mark. But, unfortunately, we are not in that position. Our country is a dependency itself and so we can only dream of such things. But an equally important question is whether after such a great burden on the consumers, the present steel industry of India is being protected adequately? To-day, of the total quantity of steel imported into this country, 68 per cent. is of British origin; and when this is practically exempted from enhanced duty, do you think that the Indian steel industry will be adequately protected? My Honourable friend, Sir Manohar Dadabhai remarked in the course of his speech that we should not poke

[Seth Govind Das.]

our nose into everything and that we should accept expert opinion when it is offered. I may be permitted to point out to him that the question is which is the expert opinion? The Tariff Board recommended one thing in 1924-25 and what they are recommending to-day is entirely different from that. May I ask Sir Maneckji Dadabhoy or the Honourable the Commerce Member, who also wants us to accept expert opinion without demur as to which opinion we should consider to be expert—the opinion which was expressed in 1925 or the opinion which is being expressed to-day?

THE HONOURABLE SIR MANECKJI DADABHOY: Both.

THE HONOURABLE SETH GOVIND DAS: And if next or some time after that, or after 7 years the Tariff Board comes out with a different scheme altogether, you will again accept it as expert.

THE HONOURABLE SIR MANECKJI DADABHOY: We will consider that then.

THE HONOURABLE SETH GOVIND DAS: You will consider it in the way you are doing to-day. The whole question, to me, is as clear as daylight and it is that we are being cleverly made to commit ourselves to a policy of Imperial Preference and that is one of the reasons why we are opposing the Bill. In the other place the Honourable the Commerce Member was able to win over Mr. Jinnah to his side and I say that on account of his supporters in that popular Chamber he was able to have the Bill passed. But Mr. Jinnah could not give a reply, let me point out to the Honourable the Commerce Member, to the question whether this Bill embodied Imperial Preference or not. He began by saying that it did not embody Imperial Preference and ended by saying, "Supposing it is Imperial Preference it is for the good of my country." Therefore, I will again repeat that this is Imperial Preference pure and simple. The Honourable the Mover of the Bill said that as soon as Indian conditions required, the preferential duties will be abolished. I do not know whether they will be abolished when Indian conditions required or when the conditions of Great Britain permitted its abolition. Therefore, I say personally and on behalf of my party that, though we ourselves are for protection of the steel industry, we are opposing this Bill only because it is a measure which is intended to help the British steel industry and not India.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: Sir, those who are advocates of German steel to-day and are anxious that it should come to our country would not advocate its use in this country if that steel had passed through any part of their bodies or that of their friends or comrades during the War. At the time when we were supplying men and fighting in Flanders and when Germans were bombarding us, others who were traders were making money hand over fist. What do they know, Sir, about the troubles that we were faced with in the War? We are only thankful for the Imperial connection which unfortunately is being run down in the debate to-day by a certain class of people who do not like to be members of the British Empire. I ask such people to think for a moment that if the British Empire had not saved us, where would we all have been to-day? Would we be standing in this Chamber and talking like this? The whole country would have been overrun, and perhaps like some people in East Africa who were rendered inactive during the German

régime, our voices which we have been raising to-day would have been completely silenced. One of the reasons why I have been opposing all these amendments is that I do not like to put our money into the hands of our enemies. Why should we not give that money to our saviours and friends—the British, who will have a better navy and a better army to come and help us when we require it again?

THE HONOURABLE THE PRESIDENT: The question is:

“ That the Bill to provide for the continuance of the protection of the steel industry in British India, as passed by the Legislative Assembly, be passed.”

The motion was adopted.

The Council then adjourned till Eleven of the Clock on Thursday, the 3rd March, 1927.

COUNCIL OF STATE.

Thursday, 3rd March, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

RESOLUTION *RE* OPENING OF NEW RAILWAY STATIONS BETWEEN MADRAS AND ARKONAM.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadan): Sir, I beg to move the following Resolution which stands in my name:

“ This Council recommends to the Governor General in Council that between Madras and Arkonam on the Madras and Southern Mahratta Railway there should be a railway station for every two miles and that new stations should be opened in places where this distance is exceeded.”

Sir, my object in moving this Resolution is twofold. Firstly, to prevent overcrowding and consequent spread of diseases in Madras, by providing facilities for suburban traffic, and secondly, to promote cheap and easy transport of agricultural produce from village parts to Madras, with a view to a favourable market being found for the same.

Sir, it is a notorious fact that Madras is highly congested and heavily overcrowded. The late lamented Dr. T. M. Nair, whose activities in politics, both parochial and provincial, are too well-known to need any mention here, once described Madras as the deathtrap for the mufassalites. This description is as true to-day as it was nearly a quarter of a century ago when it was first given expression to. The Government of Madras and the Madras Corporation had discussed various proposals to relieve congestion in the city and had finally come to the conclusion that migration of the Madras population to the suburbs was the one and only solution of this problem. Unfortunately, Sir, the two Company-managed Railways that serve the city and the suburbs, viz., the South Indian Railway and the Madras and Southern Mahratta Railway, were unable or reluctant, which it is I cannot say, to meet the serious situation caused by the congestion in the city. The South Indian Railway, with its single metre gauge line and inordinate delays in crossings, was practically of no use, though it ran into the heart of villages and towns all along the line and was consequently found to be favourable for suburban migration. When the Railway Company was then asked to double the line, they, with their usual indifference, said that the case could be met by providing more crossing stations. Accordingly, three crossing stations were provided between Madras and Pallavaram, a distance of 15 miles and two more beyond that up to Chingleput, and though they had greatly helped the suburban migration on this line, the delay and inconvenience to suburban passengers still remain the same as before. In these days of advanced

[Rao Sahib Dr. U. Rama Rau.]

facilities for transport of passengers, when steamships and railways have become back numbers and aerial flights have come to replace them, the Honourable Members will be surprised to hear that under the benign British Government in India, the South Indian Railway administration do run even now suburban trains at the record rate of 7 miles an hour! It was only after frequent representation to the railway authorities and constant agitation in the press that the Railway administration have undertaken to double the line now and adopt the scheme of electrification of trains for suburban service. Now, turning to the Madras and Southern Mahratta Railway, it was originally intended to be a strategic line and so it traverses plains and forests far from towns and villages. Though this Railway can give a faster train service, having a double line up to Arkonam, and more convenient accommodation too, it has this disadvantage, namely, that people have to walk long distances before they can reach the railway stations or engage carts or other conveyances, which is an additional expense. So, wherever there were villages in close proximity to the railway stations, they were all colonized by the citizens of Madras. The suburban service now extends up to Arkonam, a distance of 42 miles from the city. There are many railway employees and labourers and other officials coming to Madras daily to attend to their avocations and returning home in the evening, undergoing this inconvenience of having to walk several miles both ways. Again, there are many officials who own their lands and houses in villages and have their business in Madras daily, who are prevented from residing in their own homes and villages, on account of the inconveniences above referred to. In spite of all that, Sir, the suburban traffic has increased by leaps and bounds during the past 15 years. Officials, merchants, labourers and others, in their anxiety to escape from the jaws of death, prefer to live outside the city undergoing all these inconveniences. In order to convince the House of the popularity of the suburban traffic, in both these Railways, I will quote some figures. We are always told that our figures are unreliable but official figures cannot be depended upon either. For, in the proceedings of the Standing Finance Committee for Railways, dated the 20th January, 1926, Vol. II, No. 6, the figures for season and vendor's tickets are given. Heaven knows why these two altogether different kinds of earnings have been clubbed together and why, after the year 1923-24, the figures have been included under each class of passenger earnings. I fail to see how income from vendor's tickets can be classed under passenger earnings. Well, be that as it may, the figures disclose considerable satisfaction with, and wide popularity of, the suburban traffic. In the Madras and Southern Mahratta Railway line, the number of season and vendor's tickets rose from 762 in 1910 to 1,495 in 1924-25 and the earnings from Rs. 25,000 to Rs. 1,28,000 during the same period. In the South Indian Railway, the number of season and vendor's tickets rose from 1,195 in 1910 to 2,491 in 1924-25 and the earnings from Rs. 61,000 to Rs. 1,92,000. While in the two systems of Railways, the number increased in equal proportion, the earnings from the South Indian Railway and the Madras and Southern Mahratta Railway were in the proportion of 3:5. So, the Madras and Southern Mahratta Railway had materially benefited by its suburban traffic.

In the Bombay, Baroda and Central India Railway, and the Great Indian Peninsula Railway the increase on the number of season tickets

is proportionately the same as in the Madras and Southern Mahratta Railway, while the earnings were proportionately less. So, it stands to reason that the Madras and Southern Mahratta Railway ought to provide more facilities and more conveniences to suburban passengers. I understand and am subject to correction that, after the war, 4 new stations were directed to be opened between Madras and Arkonam and two have already been opened between Madras and Trivellore, a distance of 26 miles and these stations have since been confirmed, being both popular and profitable. This gives a station for every two miles up to Trivellore, but beyond that, it is four miles between each station, or a little less. I understand there was a demand from the villagers beyond Trivellore for a station being opened between mile No. 31 and 32 and about 4 or 5 years ago, a memorial was sent to the Agent on the subject and no steps have been taken as yet. Unless the Railway Company provides more facilities for suburban passengers and provides more stations at convenient distances, the suburban traffic will go down. In the Bombay side, there is a station for every one mile on the Bombay, Baroda and Central India line, and in the Calcutta side, there is a station for every two miles. Furthermore, Sir, the average lead of third class passengers in the Madras and Southern Mahratta Railway line was 34 miles in 1910, it rose up to 37 miles in 1919-20 and it has come down to 32 in 1924-25. Apart from the subsequent rise in fares, which may be said to be one of the contributory causes for this decrease in traffic, there is every reason to suppose that want of traffic facilities is also responsible for this decrease. People were not prone to travel much more frequently paying higher fare and walking longer distances than before. Still, the new station asked for is within the lead and third class traffic has not abated in this area.

Another aspect of this question is, as I have stated above, from the view-point of the agriculturist. It will be remembered, Sir, that for nearly 25 miles on either side of the Madras and Southern Mahratta Railway line, there is no railway communication. There is ample scope for feeder lines in the Madras Presidency more than in any other. The poor agriculturists in the interior have absolutely no means of getting favourable rates for their produce, and if they take it to Madras, whatever gain they may make there is eaten up by cartage and other expenses. Sir Clement Hindley in his recent budget speech said:

"The keynote of the programme we are now working to is the filling in of the interstices of the net work of trunk lines with useful branches and feeders so that the railway service may be brought right to the door of the agriculturist and the rural population."

I think, Sir, that before this becomes an accomplished fact, which is a matter of time and money and delay at every step, the opening up of more stations at convenient distances, thus minimising lead and cost of cartage, etc., will be the first and foremost step in the direction of the Railway Board translating their desire to help the poor agriculturists into action. After all, Sir, these new stations will not cost the company much. An annual recurring expenditure of Rs. 500 for establishment, etc., say, one station master on Rs. 20 per mensem, for that is the handsome minimum pay that is paid by the company for their staff, *plus* Rs. 10 for a porter, *plus* Rs. 10 for oil and other contingencies, in all Rs. 40 per mensem or Rs. 480 or Rs. 500 in round figures per annum and an initial expenditure of about that sum is all that may be required to start a trial station. Three or four tickets sold to Madras daily will meet this expense. So,

[Rao Sahib Dr. U. Rama Rau.]

I think if there is any public demand for more stations, the company would do well to open trial stations, to work them for a year or two, and then confirm or give them up, according as they are profitable or otherwise. That is the only way they could meet the popular demand. Instead, they plead a number of excuses and finally shelve the whole matter.

Before I conclude, Sir, I wish to say one word. This House has already been sufficiently reminded that questions of a local character ought to be dealt with by the Local Advisory Committees. So far as I know, these local Committees serve only certain vested interests and the dumb millions, the rural population, have no means of approaching them. So, their cries have always been cries in the wilderness. The Passengers' Associations who have their representative in these Advisory Committees are, I understand, tied down to certain limitations and restrictions. They are only expected to deal with passenger comforts, train alterations and the like, and besides they are not statutorily constituted bodies representing rural and agricultural interests. We, who are representing the public, can only bring these grievances before this Council and ask for redress. There being no other alternative open to us, such Resolutions are brought before this House. As I have said times without number, the Company-managed Railways, on whom the initiative rests in all such matters, are irresponsive and irresponsible and unless the Railway Board goads them into action, they are not likely to move fast and keep pace with the times. Until such a time arrives, when the executive are subject to the control of the Legislatures and when a just and equitable distribution of the varied interests in this country is secured in all the Committees and Councils, and when their decisions are made binding on the Railway and other administrations, I am afraid the Government of India will have to shew some indulgence to Honourable Members to have such grievances ventilated through this House and redress obtained.

With these words, Sir, I commend this Resolution for your kind acceptance.

THE HONOURABLE MR. G. L. CORBETT (Commerce Secretary): Last week, Sir, also at the instance of the Honourable Mover, we discussed the question of suburban developments at Mangalore. To-day we are asked to discuss the question of suburban train services in Madras. I do not imagine that this House is very much interested in these suburban grouses from the Madras Presidency, and I will try to be as brief as possible.

I will first give the facts. The distance from Madras to Arkonam is 43 miles. On this length there are 16 railway stations. There are actually 9 stations on the first 18 miles. In the last 25 miles there are 7 stations, but stations are nowhere more than 4 miles apart.

Now, Sir, in determining the number of stations on a particular length of line several points have to be considered. First of all, there is the question of cost, on which the Honourable Mover seems to be somewhat misinformed. It actually costs Rs. 70,000 to build a single station of the simplest type, that is, an ordinary flag station without any arrangements for crossing. If you have platforms and an over-bridge, which are rather necessary on a suburban line, it costs two lakhs or more. Then you have the annual working expenses, which are not Rs. 500 a year as the

Honourable Mover supposes, but may be anything from Rs. 5,000 upwards a year for each station. Before undertaking this additional recurring and non-recurring expenditure, the railway administration naturally have to consider very carefully whether it is justified by traffic requirements. They cannot open a station one year and shut it the next, as a sort of test station, to the extent that the Honourable Member suggests.

Next you have got the conflicting interests of different groups of passengers. You have got to remember that every additional stopping place would slow down considerably the time of the local services. It takes time to slow down a locomotive, to halt and to get up speed again. You have got to weigh, therefore, the conflicting interests of different groups of passengers. On the one hand, there are the few people who would like the train to stop at some small wayside place, and, on the other hand, there are the very much larger number who want to get on to their journey's end. You cannot always be stopping. *Prima facie* the distribution of stations on this railway seems to be very suitable. You have got them close together, about every two miles, for the first 18 miles from Madras, and afterwards, quite naturally and properly as one might expect, they begin to string out a bit.

However, this is a local matter, and as the Honourable Mover anticipated, I regard it as a question of local demand, on which I submit this House is really in no position to express an opinion. It is a matter, as the Honourable Mover himself suggested, which could more properly be discussed in the Local Advisory Committee to the Railway. I understand that the Honourable Mover is dissatisfied with the constitution of the Local Advisory Committee in Madras, and I agree that it seems to be a misfortune to Madras, and I might add to this House, that the Honourable Mover is not himself a member. However, I can assure the House that the local railway authorities are fully alive to the position, and are carefully watching the needs of suburban traffic round Madras. The Honourable Mover has himself said that quite recently they have successfully opened two new stations on this line, and with increased demand there is no doubt they will open more. And I may also add that their interest is being further stimulated by the development of motor omnibus traffic round Madras, which is assuming large proportions, and which is an additional local complication affecting the number of stations on the suburban lines which this House is quite unable to assess. That also is a purely local matter. I also understand that the improvement of the local services on this very line has recently been before the Advisory Committee. I am not well acquainted with Madras. The Honourable Mover will correct me if I am wrong, but I am told that one serious obstacle to the improvement of the service on this line is the need for an overbridge at Elephant Gate Road, instead of the existing level crossing, and that is one of the things that cause considerable delay in getting trains out of Madras. There have been difficulties with the Madras Corporation, but I am given to understand that through the influence of the Local Advisory Committee, these difficulties may be overcome. That at any rate, shows that the Local Advisory Committee has a certain value.

Well, Sir, I think we may safely leave this matter to the local railway authorities acting in consultation with their Advisory Committee. In fact, I think that we in this Council are hardly called upon to express an opinion on such a very local matter as the number of stations on a suburban line. Sir, I oppose the motion.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab : Nominated Non-Official): Sir, when I first saw this Resolution I had a mind to put down an amendment to the effect that throughout the length and breadth of the country there should be stations two miles apart and that the train should stop at every one of them for at least, say, five minutes; but I meant, Sir, when moving this amendment, to say that "this amendment of mine is unworkable and ridiculous and so I withdraw it". But as the Resolution itself is also of such a nature, I would have asked my Honourable friend to withdraw his Resolution, as I withdraw my amendment. But this I have not done. However, I have said what I wanted to say, and I would ask the Mover to withdraw his Resolution, and I think the whole House will be very pleased if he does so.

THE HONOURABLE SAIYID ALAY NABI (United Provinces West : Muhammadan): Sir, may I tell the Honourable Mover of this Resolution that my difficulty in this case has been rather great. As the Honourable Member read out his speech, it was very difficult for me to follow him through all the reasoning and arguments which he gave in support of the proposition that he moved before the House, and still more to follow the facts and figures. I think, Sir, in a case like that it is very difficult to come to an independent judgment, and I think it would be for the good of the Council if a speech like that were to be distributed among the Members before they are asked for opinions in the matter.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma : General): Sir, at first I wanted to give a silent vote on this Resolution, but I find that there are some good points in the recommendation which is proposed to be made by this Resolution. We are told that there are these Local Advisory Councils, and my friend, the Honourable Dr. Rama Rau, has explained what the Local Advisory Council consists of. In fact originally when this line was constructed, I take it, it was meant to be a strategic line; and from my own experience of this part of the country, I say that the lines were so constructed and the stations were so located as to place the stations as far away from the distant villages as possible. The result is no doubt now that at some of these stations you will find villages springing up, and as for the more important villages, the villagers have to get down at some stations or other which are named after the villages and which are miles from the station, so that they can go to their homes; and I think it is high time that these distances ought to be removed by locating the stations more favourably. But as it is, in those places where stations have been located, villages have sprung up and it is not desirable to disturb those stations. But we have got a large area where there is no possibility of finding railway communication except by going to these few stations which are on this line between Madras and Arkonam. I know, Sir, the villagers are put to a considerable difficulty in going to the railway stations because they have not got even proper road communications to these places. No doubt the district is well provided with roads, but people have to go a long way and along a somewhat circuitous way to reach those roads which lead to Madras, and then, as it is, the roads not being near the railway stations, the traffic is more largely attracted by motor traffic which has recently come into vogue there. Sir, as it is, these poor villagers can illafford to pay the motor charges, which are more burdensome than the railway charges, and in the interests of the agriculturists it is absolutely essential that we ought to have stations which are more easily accessible; and if we locate

'these stations at places where these villagers can have easy access, it is necessary to locate more stations: and that will come to the same thing as is suggested by my friend, the Honourable Dr. Rama Rau, because if you locate these stations within a distance of two miles from each other, there will be some sort of facility afforded to these villagers who will have to take a long way to go to the main roads to catch these motor buses and to go to Madras. Apart from that, we have got a large cooly population going all the way from Arkonam to Madras mostly every day, and these people find that they have to walk long distances before they can get to a train; and the difficulty can thus be appreciated when we see that these coolies who have to go to Madras have to get up very early to catch trains so that they may be in time for their work in Madras and places round about Madras,

AN HONOURABLE MEMBER: Why cannot they go by lorries?

THE HONOURABLE MR. P. C. DESIKA CHARI: I have already explained that motor lorries cannot be secured at places along the railway line, and it is only on the main roads where they can find motor lorries. If they have to take an hour or two to get to motor lorries, how can they be in time? And then Madras is so largely congested that there is a tendency for the people to go and live in some of these suburban parts, and as it is, in several of these places where you have got stations, people who have got their permanent work in Madras have settled down, and at some of these places which are not provided with railway stations, there are very good facilities for such colonies for people who have to go to Madras every day. It would very greatly assist in relieving the congestion in Madras, and the agricultural population will also be greatly relieved; and I think that a matter of this kind is sufficiently important not to be entrusted to the Local Advisory Councils which are not meant for taking away a large share of the responsibility of the Central Government in these matters. No doubt in regard to small matters which require inquiries as regards the conveniences of the public or the location of one station or another or the provision of crossings and all that in a few places, the Local Advisory Council may be expected to look after them. But a matter of this kind involves a fairly large amount of expenditure, though I do not admit that it would cost so much as has been put forward by the Honourable Mr. Corbett. As it is, no doubt, for a flag station it would cost so much, but I find in several parts these stations consist of small bunks or disused railway carriages which are made into small railway stations for the booking clerk or station master. As a matter of practice you find this all along the lines. I do not see why a small beginning like that should not be made in these places. We do not want to be too ambitious in having these small amenities. If you make a modest beginning by having such sort of stations at least, it will go a long way to help these agriculturists, as well as clerks and other employees, who, on account of their small pay, find it impossible to find accommodation in Madras, having regard to the rise in rents. Rents have trebled from 1912 onwards, and it is not possible for people with a small pay to find the requisite accommodation. Now, that theory has become a recognised fact. In spite of all the facts and figures it has been practically accepted by all the Governments, and the Central Government particularly, that the cost of living in Madras is very cheap in spite of the facts and figures which will go to show that this is a fallacy and that Madras is as costly, if not costlier, than some of the other Presidency-towns which are considered to be costly.

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Under these circumstances, it will really be a great boon to the employees, as well as to the agriculturists, to have stations at a distance of two miles from each other, not because the people who can come to these stations can very well have a saving of two miles, but because a good deal of traffic which is not attracted to the railway will be attracted by locating these stations at the station called Uttarpara, including quarters for the station which naturally gets diverted to other channels and not to the Railways. With these words, I heartily support the Resolution.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Sir, the estimate given by the Government Member who opposed me was Rs. 70,000. That estimate, Sir, is a very high estimate. I know, Sir, that the cost of construction of the station called Uttarpara, including quarters for the station staff, as submitted by the railway authorities, came to approximately Rs. 45,000. That station is a third class station with waiting room for passengers and all that, so that the estimate of Rs. 70,000 is really too much. As my friend Mr. Chari has just now said, an unused railway carriage or one or two railway carriages could be used for a trial station or flag station. In that way the station could be tried for six months, and if it pays, a better station could be provided afterwards. There is no necessity for spending Rs. 70,000 for a flag station. The estimate for the maintenance charges, which the Honourable Member gave, is also too much. I do not think the station master of a flag station gets more than Rs. 25 or 30 and the pay of a porter is only Rs. 10 or 12. On the South Indian Railway, a station master does the work of the station master, ticket collector, ticket checker and everything else. You can get a station master and menial staff for a trial station at not more than Rs. 50. Then, for my not being on the Advisory Committee, I am thankful I am not, and even if I were on the Committee, I could do nothing because the Advisory Committee is constituted in such a way that their advice would not be taken by the Agent. As regards motor traffic, there is no motor traffic at all in these parts. Motor traffic only extends from Madras to Poonamalle on the South Indian Railway. So far as the Madras and Southern Mahratta Railway Company is concerned, there is no motor traffic along their line. As my friend Mr. Chari said, stations are 10 to 20 miles apart. Motor traffic can never compete with railway traffic at all. As for the question of the Elephant Gate crossing that has nothing whatever to do with this question. That is only an overbridge between Wall Tax Road and the railway goods station. That has nothing to do with the development of suburban traffic whatsoever. So, with these remarks, Sir, I do not see any reason why the Member in Charge of the Railway Department should not accept my Resolution.

THE HONOURABLE THE PRESIDENT: The question is:

"That the following Resolution be adopted:

'This Council recommends to the Governor General in Council that between Madras and Arkonam on the Madras and Southern Mahratta Railway there should be a Railway Station for every two miles and that new stations should be opened in places where this distance is exceeded.'

The motion was negatived.

RESOLUTION *RE* MANAGEMENT AND UPKEEP OF FISH-CURING YARDS IN THE MADRAS PRESIDENCY.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadian): Sir, I beg to move the following Resolution which stands in my name :

“ This Council recommends to the Governor General in Council that the management and upkeep of fish-curing yards in the Madras Presidency should be taken up by the Central Government.”

I fear, Sir, that this Resolution might be somewhat uninviting and prosaic to this House from the view point of its topical interest. But there is a story behind it which I am sure will be of some interest to this Council if my Honourable colleagues would care to listen to it. I propose to tell the House the sad tale of a very interesting community in the Madras Presidency which at one time was plying a very flourishing trade but whose condition is now very miserable. The tale is indeed so harrowing that I have no doubt that it might perhaps melt even the hearts of my bureaucratic friends over there. The fishermen community in the Madras Presidency is a fairly large community. Fortunately, they are not reckoned among the depressed classes. They occupy a fairly high social position from the view point of the caste privileges. I do not know the conditions in other parts of India. It may be that in Bengal from which province a great poet Kalidasa came, the fishermen may be a depressed class, if his description of them in his famous drama *Sakuntala* is true, but the position of fishermen in Madras is far from that Kalidasa assigned to them in Bengal. They are respectable and interesting community. This community is responsible for carrying on a very important industry in the province of Madras, namely, the fishing industry. Before the introduction of the salt tax, this industry was carried on with the help of what they called the “salt earth.” This salt earth is nothing but earth impregnated with salt which the women of this community used to gather in the hot season from low-lying saline lands, and from this earth they used to manufacture a sort of crude salt by dissolving it in water and evaporating the fluid either by boiling or by exposure to the sun. By that means they used to manufacture what is called “earth salt”. With this salt they used to cure fish of small dimensions. With regard to larger fish they used to buy salt from the bazaar and used to cure the bigger fish. By this means they were making a very decent living and were also carrying on a fairly large trade. With the introduction of Act VII of 1840, if I am right, stringent regulations were introduced with regard to the use of this earth salt and the utilisation of salt earth for making or manufacturing earth salt was made punishable. These provisions were made still more stringent by the introduction of Act II of 1878. At that time, having regard to the importance of the industry in Malabar and South Canara and also having regard to the fact that the fishermen in these parts were found not to have recourse to illicit use of this earth salt, these two districts were exempted from the operation of that Act. But later on they were also brought under the Act and earth salt was made contraband, and the use of it for curing fish was also made punishable. Then as time went on the duty on salt was enhanced and it became practically impossible for the poor fishermen to pursue their hereditary occupation of curing fish with cheap salt, and salt was essential as a preservative of fish. Fish in those parts of the country is the only nutritive food which the poor people could get, and therefore not only trade-

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suffered by the restrictions imposed on the use of cheap salt, but the cost of edible fish also became prohibitive. The Government realised the difficulty of the situation and they adumbrated a policy wherein they undertook the responsibility of establishing some public fish yards in important fishing centres along the coast. The object of these yards is firstly, to improve the condition of the fish-curing industry and secondly, to protect their own salt revenue. Ultimately the latter object seemed to have been kept in view much more than the former. My Honourable friends may not know what a fish-curing yard is. It is an enclosure fenced all round, with a shed in the middle, where salt is stored and supplied duty free, merely at the cost price of it, together with transport charges, to those who cure fish. The fish has got to be cured within these yards. Certain restrictions were imposed and certain rules were framed for the curing of these fish. The whole of the curing has got to be done in the yards and the fish has to be kept there for two or three days until the salt is dissolved and they become dry and these operations are carried on under the supervision of, and strict watch of, departmental officers. Therefore, the industry suffered greatly. Apart from that it had a tremendously depressing effect upon the fisherman as a class. It might interest the House to know that in this community both the men and women and children are equally industrious and the whole of the curing operation is conducted by the women and children. They all toil. The catching is the vocation of the man and curing is the job of the women and children. These women and children by traditional habit were accustomed to carry on their profession in sheds near their houses, because it was an essentially cottage industry. As they were a timid class of people they were reluctant to carry it on in public places and to have any direct intercourse with officers in uniform. So they were very shy in going to these yards. The men could hardly be spared for they had to be in the water to catch fish. In these yards they had to construct their own sheds to keep the fish. Therefore, the cost of putting up these sheds to cure the fish and the difficulty of women being induced to go to these public yards to work under the surveillance and supervision of these officers drove away the women and the fishermen as a class from this trade. There was also the constant fear of prosecution for infringing any of the salt laws and this was the last straw on the camel's back. Therefore, the fishermen have practically gone out of this curing business. But the Government has to see that somehow this curing was carried on and they resorted to the device of issuing licences. Some concessions were made and naturally enterprising middlemen came into the bargain and they took up these fish-curing yards and employed their own hired labour to cure fish. These hired labourers were hardly fishermen in many cases and therefore the entire trade had gone from the hands of the fisherman to the hands of the petty traders and the middlemen in a very short time. As I have told you, Sir, the cost of the bazaar salt, especially after the salt duty became heavy, was so prohibitive as to practically make it impossible to use it for curing fish. The normal value of salt in the bazaar was five to six times that of the old earth salt which these people were getting at a very low cost. They had no means of curing fish except by resorting to the Government curing yards. The women and children having been deprived of their facilities, these poor people became very much embarrassed. Fish caught by men could not be cured by their families. So they had to part with it to the middlemen who always tried to beat down

the prices. In course of time the gain from catching fish also thus dwindled gradually, and the men who had lost a very considerable source of income from the labour of their womenfolk had to incur debts and the credit naturally came from these middlemen. They advanced money to these fishermen and in course of time it led practically to the position of mortgages and anticipatory catches were sold to these people by means of forward contracts. This tended further to bring down the prices. So these poor people practically became stranded; and the evil has gone so far that, instead of getting the benefit of the fish caught by themselves, these men are compelled actually to buy the fish for their domestic use from these middlemen. That this evil is not exaggerated or imaginary will be apparent if I quote to you a small passage from an Administration Report of the Government in the year 1916 concerning the condition of Malpe, one of the most important fish-curing yards situated near the place from which the Honourable Dr. Rama Rau comes. The Report says:

"In April 1915 there were 71 ticket holders (licensees) of whom only 6 belong to the fisher community and these have also to engage coolies of other castes to carry on curing operations. The remaining ticket holders (65 out of 71) belong to various non-fisher castes, such as Brahmans, Muhammadans, Christians, Bhunts, Shettis, Billavas, etc., who were attracted to this industry by the large profits it gives, as several people have grown rich by it. These conduct operations through hired labourers. Thus the curing industry is mostly in the hands of non-fisher castes."

That is from the Report of 1916. Then a very well-informed reviewer of the situation had reviewed the condition of the fishermen in these distressing words:

"Contrabanding the original method of curing, and the opening of the public yards, have destroyed the domestic aspect of the industry. It was a short step from this to the middleman system in the shape of licenses to the yards, which took advantage of the indigence of the fishermen, advanced them money and practically attached them as mortgagees in anticipation of catches which the poor fishermen were to obtain by their toil. By its very nature the article must needs be disposed off at a price that is offered on the spot, which the middleman takes care to keep down at the lowest level in order to strengthen his hold upon the fishermen. The pathetic irony of the situation is in the fact that the fisher folk have themselves to buy from middlemen contractors their supply for domestic use. It is no wonder therefore that the condition of the community has been going down from year to year."

This is the criticism of a very well-informed journalist. These conditions did not improve since 1916. I am free to admit that the Government was not inspired by any desire to make a profit out of this transaction. They recognized that it was their duty to take over these fish yards, because their introduction was a direct incidence of their policy of administering the salt tax. Therefore, they recognized the fact that they had to maintain these fish yards, although the income from the issue price of salt was not quite sufficient to maintain them. But as a matter of fact it was found that they were making some profit, a considerable amount of profit. And on looking into the reports I find that in 1897-98 the progressive profits aggregated a lakh and 50 thousand rupees. As their policy was not to make any profit apparently the Government was a little piqued at this result and consoled itself with this statement in the Report which appeared in a later year:

"The usual method of calculating loss or gain on fish-curing operations has been found to be defective and that the true gain is much smaller than has hitherto been supposed."

All they say is that something is wrong with the calculations. When we come to 1912-13 we find that there was a further progressive accumulated

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profit of Rs. 1,20,000. In 1917-18 they introduced a system of charging a fixed price of 10 annas per maund instead of a varying issue price which consisted of the cost of manufacture *plus* transport charges. And in regard to this 10 annas price, what the Board of Revenue of Madras said was that this "more than covered the cost of making the salt and delivering it at yards, but it only covered a part of the charges on account of establishment and construction and repairs." I value those words of the Board very greatly, for this reason. Their implication is clear that the Government recognized its responsibility to maintain these yards and also to bear a part of the establishment charges, though the payment of extra expenditure is not covered by the income. It is a direct admission of their responsibility to maintain these yards. Then a very great change came over this industry with the bifurcation of the Salt and the Excise Departments. As soon as the bifurcation took place the fish yards were handed over to the Department of Fisheries which the Local Government has been administering, and since then the change has wrought even greater havoc in regard to the condition of these fishermen. In order to make these fish yards self-supporting and not to put an undue strain upon the resources of the Provincial Government, the issue price of salt was doubled. From 10 annas it was increased to Rs. 1-4-0, and it naturally told very prejudicially upon the trade. In the very year in which this extra charge was put on, the fish curers had to pay out Rs. 1,17,000 in addition to what they used to pay till then. Last year, which happened to be a year of famine and cyclones, has brought these people down to the lowest economic state imaginable.

To reduce the cost of the salt the Madras Government purchased what I may describe as a white elephant. In April, 1926, they got down a second-hand trawler, and by the end of June, 1926,—I have access only to the Report of 1926—its cost and transport charges have come to somewhere near Rs. 1,05,000. The wisdom of this step was questioned by the Members of the local Legislative Council, who asked some questions as to what work it was going to be put on, and the Council was assured that it would only be used for deep sea fishing and for the transport of salt to west coast fish-curing yards from salt-factories. As a matter of fact we find that it is now a maid of all work, and in addition to those duties it is also doing the duty of inspecting pearl banks, research work and so on. Therefore, what we find is that this trawler, which is now costing the Government of Madras a sum of Rs. 10,000 monthly, including her Master's pay, has proved to be a case where the remedy is worse than the disease. There was therefore no improvement. I am therefore asking the Government of India to take this industry into their own hands.

My reasons for asking them are briefly three. Firstly, these fish-curing yards are the direct incidence of their policy of regulating the salt tax. The salt tax is a Central subject and so they ought to take up their working. The Fisheries Department of Madras has to maintain a staff of officers; duplicate the inspecting staff and employ a number of menials, and there is in addition a Salt Department also to supervise what is going on. The result is that the cost is very heavy and the industry is suffering. In order to make the yards self-sufficing the cost

has been put up, and I find as a matter of fact this year that a profit of Rs. 18,000 odd has been made by the Fisheries Department on the fish-curing yards. This is a very anomalous state of affairs. While the fish yards were under the direct supervision of the Salt Department, till the bifurcation as I told you, a profit was being made with a lower issue price of salt and then the Government did not lose anything over it. The Government therefore need not be under any apprehension of loss. Even if it does lose I think it ought to bear the loss because this is a part of the huge system of salt monopoly in this country. Again, the Government has as a matter of fact taken up the direct management of the fish yards in the Presidency of Bombay, and experience of working in the Bombay Presidency shows that by minimising the cost and avoiding duplication of machinery, by the management of these yards under the combined supervision of the Salt and Customs Department in Bombay the Government is able to issue salt at 12 annas per maund instead of at the Rs. 1-4 rate at which they issue it in the Madras Presidency. A similar economy will be possible in the Presidency of Madras, if the Government does take it up, as I hope it will. Secondly, the plea which I have noticed in

12 Noon. some of the reports in favour of the things being run by the Fisheries Department is that in view of the fact that the operations will be supervised by expert officials, the quality of the salt curing will be improved and the cured fish will be of a superior variety. But this plea has been exploded very often, and 30 years ago the Board of Revenue, Madras, said that these experiments in improving the quality of the cured fish had proved futile, and that the fishermen were not people who would improve by any amount of teaching in that direction. Things have not changed during the last 30 years. Therefore, I think the hope of the Fisheries Department improving the quality of fish-curing is a vain one. Then, Sir, thirdly, there is yet another consideration why the Government should intervene. The fisheries are a transferred department in the province and are being administered by the Minister for Development. These operations are costing an amount of Rs. 1,20,000 a year in the Madras Fisheries Department, and the legitimate claims of other industries which are the proper charge of the Development Minister are suffering on account of this expenditure which he has to incur. If the expenditure is to be minimised, or if the industry is to be self-supporting, then you have got to put up the price of salt to such an extent that the industry will be hit. Either you must prejudice industries which have a legitimate claim upon the resources of the Development Minister, or you have got to put up the cost of the salt so much as to hit the fish trade. These things can be avoided by the Government of India. I would request my Honourable friend, Mr. Brayne, the Government spokesman on this occasion, to investigate this matter carefully. I have not tried to exaggerate the situation. Those who have seen the condition of these fishermen will shed tears for them, and if you want a correct description of the economic condition of these men, I would refer you to bulletin No. 9—Fisheries—published by the Madras Government in 1916. It is a very interesting document which gives you a very graphic account of the condition of these men, and since 1916 during the last decade their condition has become much worse. It would be an act of justice, mercy, and graciousness to a community like this if the Government of India would inquire into their condition and do what it can for them. I am glad to note that the Honourable Mr. Brayne has tabled an amendment to my Resolution which meets me halfway. If he is not prepared to accept

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my Resolution, at any rate he is prepared to consider the recommendation of this House as to the advisability and practicability of transferring the control of the fish-curing yards in the Madras Presidency to the Central Government. I hope that is not a mere caution which is intended to obviate the difficulties of accepting my Resolution. If it is something more than that—and I always care for practical sympathy—if practical sympathy is forthcoming, I shall, as at present inclined and advised, be very glad to accept the amendment, coupled with the hope that the amendment has real sympathy behind it, just as my Resolution has really a real sad tale behind it. With these words, I commend this Resolution to this House.

THE HONOURABLE THE PRESIDENT: Resolution moved:

“ This Council recommends to the Governor General in Council that the management and upkeep of fish-curing yards in the Madras Presidency should be taken up by the Central Government.”

The question is that that Resolution be adopted. Does the Honourable Member (Mr. Brayne) wish to speak?

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): No, Sir.

THE HONOURABLE THE PRESIDENT: The question is that that Resolution be adopted.

The motion was adopted.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (Member for Education, Health and Lands): Sir, with your permission I beg to invite the attention of the House to the agenda which was issued for this day. As Honourable Members will notice, it contained three Resolutions which were intended to be discussed to-day, but they will also notice that Resolution No. 2 has not been moved. It will be within the recollection of Honourable Members that the practice that certain Resolutions appear on the agenda and are not moved in the course of the day has become more or less a matter of frequent occurrence. They will, I hope, realize that when notice of a Resolution is received by Government, it is incumbent on the Government Member in charge of that Resolution to spend time and labour in the preparation of the case so that he may present it to this House when the Resolution is moved. This labour and time cannot be saved if notice of the fact that a particular Resolution which has been balloted and appears on the agenda is not going to be moved is not given to him in sufficient time to obviate that inconvenience. I therefore very earnestly appeal to the Honourable Members of this House to be good enough to give timely notice of the fact that any Resolutions which might have been balloted and which might appear on the agenda will not be moved by them, so that the Member in charge may not devote that attention to its preparation which would otherwise be necessary.

THE HONOURABLE THE PRESIDENT: I hope Honourable Members will pay due attention to what I consider the very reasonable request of the Honourable the Leader of the House. The Council will now adjourn till Saturday, the 5th March, at 11 O'clock.

The Council then adjourned till Eleven of the Clock on Saturday, the 5th March, 1927.

COUNCIL OF STATE.

Saturday, 5th March, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN :

The Honourable Major-General Thomas Henry Symons, C.S.I., O.B.E., K.H.S., I.M.S. (Director-General, Indian Medical Service).

QUESTIONS AND ANSWERS.

RECOMMENDATIONS OF THE LEE COMMISSION RELATING TO THE ALL-INDIA SERVICES.

116. THE HONOURABLE SIR HAROON JAFFER (on behalf of the Honourable Mr. Mahmood Suhrawardy): Will the Government be pleased to state :

- (i) the number of recommendations made by the Lee Commission with regard to the All-India Services, and the amount of the additional expenditure involved ;
- (ii) the number of such recommendations given effect to, and the amount of additional expenditure incurred ;
- (iii) the number of appointments made to the Imperial Services by promotion from Provincial Services, in terms of the recommendations made by the Lee Commission since the recommendations were accepted by the Government, province by province, and the number of Muhammadans and non-Muhammadans so appointed from each province and the additional expenditure involved in such promotions. If no such promotions have been made, will the Government be pleased to state the reasons for delaying in giving effect to such recommendations ;
- (iv) whether efficiency, rather than seniority, will be the guiding principle in making such promotions from Provincial to Imperial Services ; and
- (v) how far the scheme of Indianisation of services, as recommended by the Lee Commission, had been carried out up to the 31st of December, 1926 ?

THE HONOURABLE MR. H. G. HAIG: (i) The Honourable Member is referred to Chapter XV and Appendix VII of the Commission's Report.

(ii) I would refer the Honourable Member to the answer given by the Honourable Sir Alexander Muddiman to Mr. B. Venkatapatiraju's question on the same subject on the 18th August, 1926. If the Honourable Member requires further information in regard to any special recommendation, I shall be glad to give him such information as is available.

As regards expenditure, the Honourable Member is referred to the answer given by Sir Basil Blackett which is printed at page 124 of Volume VII of the Legislative Assembly Debates.

(iii) I will make inquiries and communicate the results to the Honourable Member.

(iv) Yes.

(v) I am placing in the Library a statement of the information required showing the position as it stood on 1st January, 1926. The statement is being brought up to date and a supplementary statement will be placed in the Library as soon as it is ready.

ADDITION OF RULES 10A AND 24A TO THE RULES OF THE COUNCIL OF STATE.

117. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (on behalf of the Honourable Sardar Shivdev Singh Oberoi): (a) Will the Government be pleased to state what occasion had arisen for the recent addition of Rules 10A and 24A to the rules of the Council of State?

(b) Will the Government be pleased to lay on the table the entire correspondence held with the Secretary of State in Council in connection with the addition of these rules?

(c) Were the Provincial Governments consulted before making similar addition to the rules of the Provincial Legislatures? If so, will Government be pleased to lay on the table the entire correspondence held on the subject with the Provincial Governments?

THE HONOURABLE MR. S. R. DAS: (a) The rules applicable to the Council of State are the Indian Legislative Rules in which no rule bearing No. 10A has been inserted. A rule bearing this number was recently inserted in the provincial Legislative Council Rules in pursuance of the recommendation contained in the last sentence of paragraph 101 of the Report of the Reforms Inquiry Committee to which the Honourable Member is referred. Rule 24A has been inserted in the Indian Legislative Rules and in all the Provincial Legislative Council Rules with a view to regulate the conditions under which motions other than Resolutions may be moved. I may explain, for the information of the Honourable Member, that the position previously prevailing in regard to the moving of such motions was somewhat obscure and in certain quarters the view prevailed that the rules did not permit of the moving of any such motion.

(b) and (c). The answer to the first part of (c) is in the affirmative. The Government of India do not propose to lay on the table their correspondence with the Secretary of State and with Local Governments.

REGULATION AND CONTROL OF BEGGARY AND VAGRANCY.

118. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (on behalf of the Honourable Sardar Shivdev Singh Oberoi): (a) Will the Government be pleased to state what action, if any, they have taken on the Resolution,

regarding the regulation and control of beggary and vagrancy, passed by the Legislative Assembly on 2nd February, 1926?

(b) Will the Government lay on the table the correspondence, if any, held with the major Local Governments?

THE HONOURABLE MR. H. G. HAIG: (a) The Resolution referred to by the Honourable Member was not adopted by the Legislative Assembly.

(v) There has been no correspondence with the Local Governments on the subject.

THE HONOURABLE THE PRESIDENT: It is perhaps somewhat unfortunate, that the Honourable Member who put the last question down is not in his place, because it apparently involves a rebuke to the Honourable Member who has come to his rescue. With reference to the answer just given I must invite the attention of the Honourable Member in whose name the question stood to the terms of the Standing Orders which govern the admissibility of questions. Standing Order 14 lays down that in order that a question may be admissible it must satisfy various conditions, among which is one that if it contains a statement of fact by the Member himself he shall make himself responsible for the accuracy of the statement. The question that has just been answered contained a statement that a certain Resolution was passed by the Legislative Assembly. The answer shows that that was not the fact, that the Resolution was not adopted by the Assembly. It is clear, therefore, that the Honourable Member did not make himself responsible for the accuracy of the statement contained therein. It was a fact the correctness or incorrectness of which he might very easily have verified for himself, and I think he will realize that his failure to do so has involved a certain amount of unavoidable waste of labour and time, to say nothing of the cost incurred by the Council in printing his question on various lists. I hope the Honourable Dr. Rama Rau will convey my remarks to the Honourable Member.

UNEMPLOYMENT AMONG THE MIDDLE CLASSES.

119. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (on behalf of the Honourable Sardar Shivdev Singh Oberoi): (a) With reference to the answer to question No. 99 put in this House on 31st August, 1926, will Government be pleased to state if any replies have been received from Local Governments with regard to the action taken by them for removing unemployment in the middle classes?

(b) If the answer to (a) be in the affirmative, will Government please lay on the table all those replies along with the letter of the Government of India addressed to them?

THE HONOURABLE MR. A. C. MCWATTERS: (a) There has been no further correspondence on the subject between the Government of India and Provincial Governments.

(b) Does not arise.

RECOMMENDATIONS CONTAINED IN CHAPTERS 29 AND 30 OF THE CIVIL JUSTICE COMMITTEE'S REPORT, 1924-25.

120. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (on behalf of the Honourable Sardar Shivdev Singh Oberoi): Will Government be pleased to

lay on the table a statement showing the action taken by them on each of the recommendations requiring legislative action contained in Chapters 29 and 30 of the Civil Justice Committee's Report, 1924-25?

THE HONOURABLE MR. H. G. HAIG: Two Bills—(1) to amend the Code of Civil Procedure, 1908 (execution of decrees and orders) and (2) to amend article 182 of the First Schedule to the Indian Limitation Act, 1908, giving effect to the recommendations of the Civil Justice Committee involving legislation contained in Chapters 29, 30 and 31 of their Report, were introduced in the Legislative Assembly on the 27th and 31st January, 1927, respectively. The first Bill has been circulated for the purpose of eliciting opinions, and the second Bill, which was passed by that Chamber on the 7th February, 1927, is now before this House. Two recommendations, namely, (1) increase of court fee on suits filed in accordance with Order XXI, rule 63, of the First Schedule to the Code of Civil Procedure, and (2) the barring of appeals from certain orders under section 47 of the Code (paragraph 26 of Chapter 29 and paragraph 2 of Chapter 30 of the Report) are under separate consideration. The first recommendation has been referred to Local Governments. A Bill to give effect to the second may be introduced during this Session.

LUGGAGE RATES ON THE NORTH-WESTERN RAILWAY.

121. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (on behalf of the Honourable Sardar Shivdev Singh Oberoi): Has the attention of the Government been drawn to a letter, headed "Luggage Freight on the North-Western Railway", published in the *Tribune* in its issue, dated November 2nd, 1926?

THE HONOURABLE MR. G. L. CORBETT: Yes; Government have seen the letter. The writer has apparently, however, overlooked the appreciable reductions in fares that have been made, and the fact that the free allowance on luggage of third class passengers, which is fifteen seers, has recently been indirectly increased by permitting bedding, etc., and such articles of food as may be required on the journey, to be carried free without weight.

WAITING-ROOMS FOR INTERMEDIATE CLASS PASSENGERS ON STATE RAILWAYS.

122. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (on behalf of the Honourable Sardar Shivdev Singh Oberoi): Is it a fact that no waiting-rooms have been provided on State Railways for intermediate class passengers?

THE HONOURABLE MR. G. L. CORBETT: Government are aware that it is not the general practice on State Railways to provide separate waiting-rooms for intermediate class passengers.

OBSERVATION OF THE UNITED PROVINCES GOVERNMENT ON THE POLICE ADMINISTRATION REPORT FOR 1925.

123. THE HONOURABLE RAJA MOTI CHAND: (a) Has the attention of the Government of India been drawn to an observation of the United Provinces Government on the report of the Inspector General of Police on the

administration of his department in the United Provinces for 1925, quoted by the *Leader* newspaper in its leading article of February 14, 1927?

(b) Do the Government of India propose to take any action in the matter?

THE HONOURABLE MR. H. G. HAIG: (a) The reply is in the affirmative.

(b) No, Sir.

CANCELLATION OF THE PROMOTION OF AN INDIAN MEMBER OF THE
INDIAN EDUCATIONAL SERVICE TO THE SELECTION GRADE.

124. THE HONOURABLE RAJA MOTI CHAND: (a) Has the attention of the Government been drawn to an extract from the *Indian Social Reformer* newspaper, quoted in the *Leader* newspaper of February 10, 1927, wherein the case of an Indian member of the Indian Educational Service is discussed?

(b) Is it a fact that the promotion of the Indian gentleman in question to the selection grade in the Indian Educational Service has been cancelled after eighteen months with retrospective effect?

(c) Will the Government be pleased to state the circumstances under which the promotion in question was cancelled?

(d) Is it a fact that the promotion in question was cancelled only to make room for a European?

(e) Is it a fact that the Minister, in defending or justifying this cancellation of promotion, confessed that it was not the United Provinces Government but the Government of India that was really responsible for the order?

(f) Did the Government of India really interfere in this matter, so as to cancel the promotion of the Indian gentleman to make room for the European? If so, will the Government be pleased to state the circumstances under which they interfered?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) The Government of India have seen the article referred to.

(b) Yes. But the officer concerned has not been required to refund the extra pay drawn by him while he was in the selection grade.

(c) The promotion was cancelled as a result of memorials addressed to His Excellency the Viceroy and Governor General by thirteen members—one Indian and twelve Europeans—of the Indian Educational Service, United Provinces, appealing against their supersession.

(d) No. It was a mere accident that the resulting appointment in the selection grade went to a European.

(e) The Honourable Member is referred to the speech made by the Honourable Minister for Education in the United Provinces Legislative Council on January 26, 1927, which will be found reported on pages 154-156 of the proceedings of that Council.

(f) In making their selection of an Indian Educational Service officer to the selection grade post, the Government of the United Provinces calculated the seniority of the officer selected on the basis of his total service in the Provincial and Indian Educational Services. The Government of India intimated to the Government of the United Provinces that an

officer's seniority in the Indian Educational Service should, in accordance with settled practice, be reckoned from the date of his appointment to the Indian Educational Service. The Government of India, upon whom rests the duty of seeing that the claims of members of the All-India Services are treated fairly and equitably, invited the Government of the United Provinces to reconsider the case in the light of their remarks and asked to be informed of the result. The Government of the United Provinces thereupon reconsidered and altered their previous orders.

CAREERS OPEN TO INDIANS IN THE SERVICE OF THE GOVERNMENT IN INDIA.

125. **THE HONOURABLE RAJA MOTI CHAND:** (a) Will the Government be pleased to state what careers in the service of the Government in India are open to Indians?

(b) Will they be pleased to state the conditions of admission for Indians to the various departments of Government?

(c) Are there any departments of the Government to which admission for service is closed to Indians as such, or to Indians of particular castes as such? If so, which are they, and what are the castes so excluded? Will the Government be pleased to assign reasons for such exclusion?

(d) Will the Government be pleased to place on the table a copy of the rules regulating the admission, pay and prospects to and in each of the services under the Government in India?

THE HONOURABLE MR. H. G. HAIG: The information is being collected and will be supplied to the Honourable Member in due course.

OPENING OF NEW RAILWAYS IN THE DIFFERENT PROVINCES.

126. **THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI:** Will the Government be pleased to state how many railway lines have been opened by the heads of the local administrations in the different provinces during the last year, and what has been the cost incurred by the different railway administrations in that connection?

THE HONOURABLE MR. G. L. CORBETT: The following railway lines were opened by the heads of the Local Governments concerned during 1926.—

- (1) Sahdara-Narowal Railway.
- (2) Krishnagar-Nabadwip Ghat Railway.
- (3) Parbatipur-Siliguri broad gauge extension.

Government have no information as to the expenditure incurred by railway administrations concerned in connection with the opening ceremonies except as regards item No. (3) above on which the expenditure is approximately Rs. 5,000.

ISSUE OF 14 DAYS' RETURN TICKETS TO INTERMEDIATE CLASS PASSENGERS ON THE EASTERN BENGAL RAILWAY.

127. **THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI:** Is it a fact that the Eastern Bengal Railway administration have stopped issuing 14 days' return tickets in the Intermediate class? If so, why?

THE HONOURABLE MR. G. L. CORBETT: The Honourable Member is apparently referring to Intermediate class return tickets issued for distances over 65 miles which were available for 16 days (see Eastern Bengal Railway Time-table in force from 1st October, 1926). From the new Time-table of this Railway which came into force from 1st March, 1927, it appears that the period for which these return tickets will be available has been altered to come into line with the Indian Railway Conference Association Regulations. The periods now vary with the distance of the journey and the Honourable Member will find full information in paragraph 38 (a) on page 109 of the new Time-table. The advantage of the alteration is that it enables return tickets to be issued in through booking with the East Indian Railway. In case the Honourable Member has not got a copy of the new Time-table, I have one here (price three annas).

RECENT VISIT TO INDIA OF A GERMAN EXPERT ON HYDRO-ELECTRIC POWER.

128. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Is it a fact that a German expert on hydro-electric power recently visited India? If so, what was his object, and has the Government been in any communication with him about the information that he has gathered or any investigations that he may have made?

THE HONOURABLE MR. A. C. McWATTERS: Various German engineers have recently visited India, but the Government have no information regarding their qualifications. The Government of India have not been in communication with any of them on the subject of hydro-electric power.

MANUFACTURE OF ANILINE DYES AND ARTIFICIAL SILK.

129. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Is it a fact that a certain Bengali gentleman has invented processes for the manufacture of aniline dyes and artificial silk? If so, does the Government intend to communicate with him about the feasibility of producing those articles on a commercial basis?

THE HONOURABLE MR. A. C. McWATTERS: The Government of India have no information on the subject.

RAILWAY BETWEEN INDIA AND BURMA.

130. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state what are the routes that have been investigated for connecting India with Burma and why they are held to be not fit to be taken up for construction in the immediate future?

THE HONOURABLE MR. G. L. CORBETT: Three routes for connecting India and Burma by railway have been investigated, namely:

- (i) The Northern or Hukong Valley route from Lodo to Sahmaw.
- (ii) The Manipur route from Lumding via Manipur to a point on the Burma Railway about 150 miles north of Mandalay.
- (iii) The Southern or Sea Coast route from Chittagong via Akyab to Minhla.

None of the routes can at present be justified financially.

**NUMBER OF INDIAN DRIVERS DRAWING THE MAXIMUM PAY OF RS. 220
ON THE EASTERN BENGAL RAILWAY.**

131. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state how many Indian drivers in the Eastern Bengal Railway (who are not Anglo-Indians) are getting the maximum pay of Rs. 220?

THE HONOURABLE MR. G. L. CORBETT: Government have no information. I may, however, point out that a classified list is being compiled of all subordinates on State-managed Railways in receipt of salaries of Rs. 100 and over and a copy of this list will be placed in the Library when published.

PROMOTION OF SUBORDINATE OFFICERS OF THE EASTERN BENGAL RAILWAY TRAINED IN THE CHANDAUSI TRAINING SCHOOL TO THE SUPERIOR GRADE.

132. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state how many subordinate officers in the Eastern Bengal Railway have been promoted to the superior grade from out of those who have passed the Chandausi Training School course in transportation? How many of these are Indians and how many Anglo-Indians?

THE HONOURABLE MR. G. L. CORBETT: The answer to the first part of the question is "None", and the second part therefore does not arise.

INDEBTEDNESS OF THE INDIAN SUBORDINATE STAFF OF THE EASTERN BENGAL RAILWAY TO CO-OPERATIVE CREDIT SOCIETIES.

133. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Is it a fact that nearly 95 per cent. of the Indian subordinate staff in the Eastern Bengal Railway are indebted to Co-operative Credit Societies?

THE HONOURABLE MR. G. L. CORBETT: Government have no information on the point.

RAILWAY WELFARE COMMITTEE ON THE EASTERN BENGAL RAILWAY.

134. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Is there any institution known as the Railway Welfare Committee in the Eastern Bengal Railway? If so, what are its constitution and functions, and what reforms have been introduced in the railway administration through its intervention during the last five years?

THE HONOURABLE MR. G. L. CORBETT: Government have no information on the subject but will make inquiries.

SUPPLY OF DRINKING WATER FOR THE RAILWAY EMPLOYEES OF THE EASTERN BENGAL RAILWAY AT NAIHATI AND ISHURDI.

135. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Has the attention of the authorities been drawn to the want of a proper supply of drinking water for the railway employees at Naihati and Ishurdi in the Eastern Bengal Railway? If so, what steps do they propose to take in the matter?

THE HONOURABLE MR. G. L. CORBETT: No. The matter is one for the Agent, Eastern Bengal Railway, to consider and a copy of the question and answer will be sent to him for such action as he thinks necessary.

DISMISSAL OF HARIPADA BANERJEE, A RELIEVING STATION MASTER IN THE PAKSEY DISTRICT BY THE EASTERN BENGAL RAILWAY.

136. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: (a) Is it a fact that one Haripada Banerjee, who was acting as a relieving station master in the Paksey district in Eastern Bengal Railway has been dismissed on the ground of producing a false medical certificate for obtaining leave?

(b) Has he obtained a decree from the civil court for pay for the period for which leave was asked for on that medical certificate?

THE HONOURABLE MR. G. L. CORBETT: Government have no information and do not think it necessary to call for it. The Agent of the Railway is quite competent to deal with the matter.

CONSTRUCTION OF A LIGHT RAILWAY FROM ISHURDI TO BERA *via* PABNA.

137. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Is it a fact that Messrs. Martin & Co., of Calcutta, asked for sanction to construct a light railway from Ishurdi to Bera *via* Pabna in the year 1918 upon a guarantee of 4 per cent. interest from the District Board of Pabna? If so, why was sanction not given for the construction of the line?

THE HONOURABLE MR. G. L. CORBETT: The reply is in the affirmative. The proposal was for a 2' 6" gauge line and it was held that the area the proposed line would traverse might be served by a 5' 6" gauge line.

CONSTRUCTION OF A RAILWAY FROM ISHURDI TO BERA.

138. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Is it a fact that a petition was submitted to the Local Government of Bengal in 1924, by Messrs. J. Choudhury and others, praying for a guarantee of 6 per cent. interest to raise the necessary capital for constructing a railway line from Ishurdi to Bera on a broad-gauge system through private enterprise? If so, why was no guarantee given?

THE HONOURABLE MR. G. L. CORBETT: Government have no information whether such a petition was submitted to the Government of Bengal or not.

SURVEY AND CONSTRUCTION OF A RAILWAY FROM ISHURDI TO PABNA.

139. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state whether and, if so, when they propose to undertake the surveying and construction, respectively, of a railway line from Ishurdi to Pabna and onwards?

THE HONOURABLE MR. G. L. CORBETT: The line has been surveyed in detail and a traffic survey has also been carried out. The project is at present under re-examination.

GENERAL DISCUSSION OF THE BUDGET—PART II.

THE HONOURABLE THE PRESIDENT: The Council will now proceed to the general discussion of the Budget—Part II.

THE HONOURABLE SIR JOHN BELL (Bengal Chamber of Commerce): Sir, I desire to join in the congratulations which have been extended to the Honourable the Finance Member on his again presenting to the country a satisfactory Budget. The outstanding feature is of course the entire remission in the coming year of all provincial contributions. These contributions have for years embittered the relations between the Central Government and the Provincial Governemnts, and I trust that, to the extent that they are at present only temporary, these remissions will become permanent. Now that the claims of all the other provinces have been satisfied, I hope that it will be possible for Government to turn their attention to the claim of Bengal to a more equitable allocation of the revenue collected in the province. I do not wish to strike a discordant note, but I cannot accept the statement of my Honourable friend that the claims of Bengal, which pays more than one-third of the tax on income paid by the whole of India and Burma, are met by the mere remission of the annual contribution. The unfairness of the Meston Award so far as it applies to Bengal, has frequently been exposed in this and in another place by Members representing Bengal, both official and non-official, and I do not wish to take up the time of the House by repeating what has been very often said. However, while Bengal does not in any way grudge the relief that has been extended to the other provinces, she submits, and firmly submits, that the time has now come for a reconsideration of the allocation of the revenues of the Province and the righting of a wrong that has been done to her.

The outstanding feature of the Budget is of course the remission of the provincial contributions, but there are other features of interest.

The removal of the export duty on hides, although it is long overdue, is one that will be received with satisfaction. I trust that it will result in the revival of an almost purely Indian industry which has nearly been ruined by the imposition of this export duty.

I agree with my Honourable friend that the reduction of the duty on motor cars and certain motor car accessories will be welcomed by the country. It is true that my Honourable friend has rather modified the benefit of the reduction in the import duty on motor cars by his pointed suggestion to Provincial Governments that a part of this should be taken by them in the form of local taxation and applied to the improvement and development of roads. While, as I had occasion to say recently in this House, the import duty on motor cars is greater in India than it is in any other country in the world and while users of motor cars might reasonably expect to get relief without any condition attached to it, yet if some proportion of the remission be taken by Provincial Governments and strictly applied in the manner suggested by my Honourable friend, I do not think that Government will find that the public will be unreasonable.

The decision announced by my Honourable friend to abolish the stamp duty on cheques differs from some of the other proposals in the Budget in this respect that there is not, as in the case of the remission of export duty on motor cars, any likelihood of a direct return in any other way. However, I trust that there will be an indirect return from the increased prosperity that will follow the development of banking in the country. The amount

involved is not a very large one, but the concession will be warmly appreciated by many of the small traders in the country.

With regard to the remission of the tea export duty, coupled as it is with an increase in the proportion of the profits of the tea industry to be assessed for income-tax, I would prefer to defer expressing any definite opinion. It is true that in times of depression in the industry it will be an advantage not to have to pay an export duty which has had to be paid whether profits were obtainable or not. But, on the other hand, I am not quite certain that the tea industry will appreciate a departure from a definite arrangement made with Government as to the proportion of the profits to be regarded as arising from agriculture and thus not assessable to income-tax and the proportion to be regarded as arising from the manufacturing side of the industry and therefore assessable to income-tax. My own personal view is that 50 per cent is much too great a proportion to regard as the manufacturing profit of an industry so essentially agricultural in its character as the tea industry.

There were two references in the speech of the Honourable Member which struck me as being of interest. They occurred in different parts of the speech, but they seemed to me to have some connection with each other. The first was with regard to the form in which the budget figures were presented to the country, and the other was the reference made to the Retrenchment Committee. No matter how anxious the Finance Department may be to place clearly before the public the expenditure of the country, there are always a large number of items which remain hidden away and never come before the ordinary reader of the Budget. It is in following up these items and criticising them that the value of a Retrenchment Committee lies. I do not think that the Honourable Member meant to cast any reflection on the work of the Retrenchment Committee, for he has often expressed his indebtedness to that Committee. But his remarks as to their short-sightedness in making certain cuts might, perhaps quite wrongly, have been construed in that way. I think that the country owes a great deal to the work of the Retrenchment Committee and that if, in the opinion of some people, some of the cuts were short-sighted, the great majority of them were uncommonly sound and the country is reaping the benefit. If another Retrenchment Committee were appointed to-morrow, I am quite sure that they would find many items of expenditure which they might have occasion to criticise and in respect of which they might have to offer suggestions for even short-sighted cuts.

One of the items of expenditure which is included in the Budget will doubtless be followed up by Honourable Members with interest. That is the provision of Rs. 8 lakhs for beginning the construction of an India House in London. The sum referred to must be only a fraction of what will require to be ultimately spent. Everyone wishes that the officials of the Government of India stationed in London should have suitable accommodation and that the permanent headquarters should be worthy of India. But I hope that Government will take the public of this country, and particularly the Members of the Central Legislature, into their confidence both with regard to the design and with regard to the cost of this building, and that they will not commit themselves in respect of either without full consultation with the public in India.

Another point in the Honourable Member's speech in which I was greatly interested was his reference to the appreciation that has taken place in the securities of the Government of India in recent years. I do not think it is

[Sir John Bell.]

wise to emphasise too strongly that this appreciation is due entirely to an improvement in the credit of India. The Honourable Member's knowledge of the subject is too complete for me to have to point out to him this appreciation has arisen to some extent from entirely different causes. I do not mention the matter in order to controvert what has been said by my Honourable friend, but rather to disarm criticism in the event of a return of public confidence in industrial securities or a return of a larger demand for money in order to finance the industries of the country and a consequent set-back in the value of Government securities. But the matters to which I have referred are mostly of a minor nature, and I merely mention them in passing. The Budget which my Honourable friend has presented to the House is one that I feel sure will be received by the public with the greatest satisfaction, and the feeling will be strengthened that the financial affairs of the country are in sound and capable hands.

THE HONOURABLE SIR HAROON JAFFER (Bombay Presidency: Muhammadan): Sir, one of the most striking features of the account of the financial position and prospects of India, which has been placed before the House, is the series of surpluses which have succeeded the dark days of recurring deficits. The Honourable the Finance Member deserves to be congratulated on the determined and vigorous efforts he has been making to use the surpluses with which his regime has been blessed, to reduce the provincial contributions which, as he truly says, have been hanging like a mill-stone round the necks of the Provincial Governments and also the neck of the Government of India. As a representative of the Bombay Presidency, I have to express a sense of gratitude, on behalf of the people of that Presidency, for the relief which the latter have received at the hands of the Honourable the Finance Member. The people and the Government of Bombay have cried themselves hoarse over the inequitable financial arrangements embodied in the Meston project, and we are thankful for this measure of mercy, belated and small as it is. It must not, however, be understood that Bombay's grievance has been satisfactorily redressed and that in gratitude to the Government of India we ought to say nothing further in the matter. The temporary relief granted to Bombay is certainly welcome, but what is needed is a permanent arrangement by which the Presidency will receive equitable treatment corresponding to her position, her obligations and her contribution to the development and progress of the country.

I do not wish, Sir, to utilise this occasion to speak on the question of the exchange ratio. But I am bound to say in connection therewith that the expected has happened and that the Honourable the Finance Member has confronted the House with a dilemma. "If you want a surplus and the reduction and the speedy extinction of the provincial contributions, you must agree to the 18d. ratio. If you want deficits, additional taxation and the indefinite continuation of provincial contributions, then have the 16d. ratio." The Finance Member is really taking with one hand from the tax-payers what he is giving them with the other. The overflowing treasury of the Government receives its surpluses out of the pockets of the people who, taken as a whole, lose many times more than what passes into the Government's purse. The surpluses are only an indication of the heavy burdens which the public has to bear and the prosperity of our finances conceals this ugly fact. The Finance Member's budget is sure to give a misleading idea of the financial and economic

condition of the country if this underlying fact is not borne in mind. As to the proposals about the reduction of taxation, it is difficult to appreciate the reasons which have been advanced to justify the abolition of the export duty on tea. It is true that the tea industry is proposed to be subjected to higher income-tax, but why do away with the export duty? The industry is not in a depressed condition. The tea gardens have been paying high dividends. The argument that the abolition of the duty does not entail a net loss of revenue when it is taken with the income-tax proposal, is far from convincing. Export duties may be bad in principle and the duty on the exports of hides is certainly bad in principle as well as in practice. The higher income-tax on tea was called for in any case, apart from every other consideration. And the tea duty could have been continued without detriment and with advantage to the public treasury.

Sir, without in any way grudging to the Finance Member the credit which is due to him for the care and the skill with which he has handled the financial problems of India, I must say, Sir, that we must look beneath the surface and not be carried away by appearances. What India requires is solid progress and not mere delusive prosperity represented by heavy taxation and gains made through a high exchange rate. The Budget does not unfortunately reveal any signs of that far-sighted and wise policy and that bold retrenchment and strict economy which alone can place the finances and the economic structure of India on a firm and sound footing.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadian): Sir, the Budget for 1927-28, which has been presented for discussion to-day, is, in my opinion, delusive and contains no bright features over which this House should feel exultant. It may be said that the large recurring surpluses during the past, current and next year, which this Budget reveals and the magnanimous proposal to remit the entire Provincial contributions, with some reservation though, constitute its redeeming features. But, Sir, if we closely analyse these surpluses, we will find strange disclosures. In 1925-26, the Budget provided for a surplus of only 24 lakhs, which in the revised estimate went up to 1.30 crores. But the actuals revealed a still larger surplus, namely, 3.31 crores. Again, the Budget for 1926-27 provided for a surplus of 5 lakhs and odd, which, according to the revised estimate, is 3.10 crores. This abnormal surplus is attributed to wide variations in revenue heads and savings on the expenditure side. During 1927-28, however, the revenue is estimated at 128.96 crores and the expenditure at 125.26 crores, leaving a substantial saving of 3.70 crores which was finally reduced to 3.64 crores due to the revision of certain excise duties. Thus, for the first time, a fairly accurate estimate of revenue and expenditure has been made out, and if only similar accuracy was maintained in the preparation of the past two years' Budgets, a greater portion of the provincial contributions would have been wiped off already, and the so-called non-recurring remission of 258 lakhs alone would have been left for disposal now. This dexterous process of under-estimating the receipts and over-estimating the expenditure has been evidently adopted all these three years, so that these surpluses came to be revealed at a psychological moment when the fate of the Budget hangs on the ratio question and the remission of the provincial contributions is made dependent on our unconditional surrender to the 1s. 6d. ratio. This is hardly a matter for congratulation. The present financial plight of the Provincial Governments is deplorable and

[Dr. U. Rama Rau.]

the ratio question should never have been placed in the way of the Provinces getting their already long overdue remissions. Even with the wholesale abolition of the provincial contributions, Sir, the provincial finances cannot be said to be perfectly sound and stable. It is a matter of common knowledge that the principal sources of revenue of the Provincial Governments, namely, Land and Excise, are inelastic and are subject to constant fluctuations, as for instance when a famine is threatened, which would lessen considerably the income under 'Land Revenue' or when a policy of total prohibition is adopted, which would swallow the entire Excise revenue, and the time has therefore arrived that a re-allocation of the revenue resources should be made, by which some substantial share of the expanding heads of revenue of the Central Government such as Income-tax is given to the Provincial Governments. The Honourable the Finance Member, in his reply to the budget speech before the Legislative Assembly last year, said.

"We do feel that the time has come when an attempt should be made to take a step forward, namely, in regard to Devolution Rule No. 15 and the Provincial share of the income-tax. We hope to take up that question during the summer. Whether we can arrive at a solution depends, I say, on the good-will of the Provinces, all with divergent interests, all with interests divergent from that of the Central Government."

Sir, in the Honourable the Finance Member's Budget speech this year, there is no indication whatever to show if any action has been taken in this direction, though this forms one of the main recommendations of the Taxation Enquiry Committee. The Government of India have thought fit, however, to carry out some of the other recommendations of that Committee without previously consulting the Legislatures in the matter. It is true that a motion by the Honourable the Finance Secretary, recommending to the Governor General in Council to take into consideration the Report of the Indian Taxation Enquiry Committee, was moved in this House at the Simla Session in August last, but on account of the vagueness of the Resolution and the absence of any concrete proposals from the Government, it was decided, on my amendment, by a majority of 24 against 9, to defer the consideration of that Report till this Session. The Government instead of bringing forward definite proposals for enhancement or abatement of taxes before this House in the first instance, and proceeding on our recommendations, have picked up certain items from the Taxation Enquiry Committee's Report and made certain alterations in the existing duties on certain commodities, which would not meet with popular approval. Take for instance, the export duty on hides. The Indian opinion in the Committee was against the abolition of the export duty on this commodity because it would crush the Indian tanning industry, but still the duty is proposed to be abolished. As regards the reduction of import duty on motor cars, the Taxation Enquiry Committee were not quite specific in their recommendations and yet the duty has been reduced just to find a good market for the British and American cars and flood the country with them at a time when road communications are poor and scanty. When we compare this, Sir, with the indifferent attitude adopted and the absolute silence exhibited in regard to the majority recommendation of the Taxation Enquiry Committee for the levy of an export duty on oil-seeds, bones, and other forms of manure, which would have the effect of encouraging the crushing of oil-seeds in India and of cheapening the cost of oil-cake and other forms of manure to the Indian cultivator, we are convinced that these changes are introduced solely with a view to

promote foreign industries and further foreign trade. We have been crying ourselves hoarse, Sir, all these years for a further substantial reduction in the salt duty, and yet the Government do not think it necessary to effect it, in the case of this prime necessary of life. The rate should be reduced to at least 8 As. per maund in normal times as consumption always increases with a decrease in duty. It is only in cases of emergency, that increased taxation on salt should be imposed. Unless the reduction in the rate is appreciable, it would not benefit the mass of the people who buy their salt in very small quantities at a time. It will be interesting to know that in England, salt is untaxed, but the British Government here would not let salt go tax-free in this country. I hope the Government will give due consideration to this question and see their way to reduce the rate to Re. 1 per maund at least, which was the rate prevailing in pre-war times.

Now, coming to the expenditure side, the Military Department heads the list. There has no doubt been a gradual reduction in recent years in military expenditure but the rock-bottom has not yet been reached. I hope the Army Department and the Government of India will spare no pains to see that the military expenditure is brought down at least to the limit proposed by the Incheape Committee, namely, 50 crores in course of time by curtailing expenditure. I think, Sir, the Military Stores Department requires thorough overhauling. Last year, the Honourable the Finance Member made mention of some serious shortages in the Ordnance Equipment, to replace which he had asked for a provision of 40 lakhs. In the revised estimate for 1926-27, 70 lakhs more have been provided. Another 80 lakhs are required for the same purpose next year. We were told last year that His Excellency the Commander-in-Chief was instituting an expert inquiry into the matter, but the result of that inquiry we have not been apprised of. Sir, on page 493 of the Finance and Revenue Accounts for the year 1925-26, a sum of 2.66 and odd crores has been shown under the heading "Reductions by various losses". Curiosity led me to trace the different kinds of losses and I have been able to find that under each account of the Military expenditure, these losses have been classified under "Loss of cash", "Loss of stores in transit", "Loss of stores in charge", "Loss by fluctuation in price of stores" and so on. I do not know if these losses mean "depreciation in stock" or "actual losses." The former is less likely, for losses of cash, losses of stores in transit and losses of stores in charge, cannot be classed under this category. To replenish these losses, we have already incurred and provided for nearly 2 crores of expenditure. I would like to have a clear explanation on this point. Turning to the medical stores, I find losses to the extent of 26.78 lakhs under Detailed Account No. 75D. alone. These Medical Stores have undertaken to supply medicines, etc., to all the Civil and Local Board and Municipal Hospitals and Dispensaries throughout India. About 34 lakhs of rupees worth of stores are being issued annually by the Medical Stores for these Civil Hospitals. I understand that a certain percentage is charged as profits for supplies made to Government Civil Hospitals and a further percentage for Local Board and Municipal Hospitals. This is really hard and unfair to these furnished local bodies. As regards payment, the local bodies are very regular; in fact, as soon as the bill is received, the Local Government pays it in the first instance by way of adjustment and recoups it from contributions payable to them. If there be any delay at all, it is all on the side of the Medical Stores Department. There are frequent complaints of non-receipt of stores in time and though the indents are sent out

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some 3 or 4 months in advance of each official year, the stores are seldom received in time and more often than not, they are despatched three or four months after the commencement of each official year. The difficulties of medical men, especially in rural parts and the awkward plight in which they are placed when they find their stock of medicines run out and cannot therefore conscientiously and successfully treat their patients, can better be imagined than expressed. I can very well understand the reason why such stores are supplied through medical stores. It is to ensure, no doubt, the best quality and uniformity in rate. But, if it fails to serve the real purpose, namely, to afford effective and timely relief to patients, then, Sir, these considerations may be waived and the local bodies can be left to themselves to get their supplies from elsewhere. Already, this subject is enjoying the serious attention of the local bodies in my Presidency, and the Honourable the Director-General of the Indian Medical Service in whose charge, I understand, these medical stores are, will I hope set right matters and see that these local bodies get their stocks then and there and for the same rate at which Local Governments get them, failing which they might be allowed to have freedom of action.

The next point I wish to mention, Sir, is in connection with War expenditure. The Honourable Sir Basil Blackett said last year referring to certain War claims :

" These claims, I may say, have no connection with the important sums in dispute between the War Office and the Government of India, in regard to War expenditure."

I would like to know what is that dispute, in what stage that dispute now is, and whether that dispute is likely to be settled early and what is the total amount involved in the dispute? It is now nearly ten years since the world war was over and we have now another war—I do not want to say war—another military operation of a defensive nature in China, for the full cost and equipment of which the British War Office is solely responsible. If the old War accounts have not been settled yet and are still contested, I am afraid we may have to undergo similar troubles in connection with the Chinese operation as well. I hope, Sir, the Army Department will not sleep over this matter also but see that the accounts connected with this operation are settled then and there and the Indian tax-payer is not saddled, directly or indirectly, consciously or unconsciously, with even a small fraction of the cost of this operation.

The last point is about the Indianization of the Military Department. Pending receipt of the Skeen Committee's recommendations, I would defer any reference to it, but I might, however, be permitted to remind the Army Department of its solemn pledges to Indianize the Military services as rapidly as possible.

Let me now pass on to the Post and Telegraph Department. There are two calls on the finances of this Department. The one is that of the staff for increased pay and emoluments and the other of the public for better services and cheaper postal rates. So far as the grievances of the staff are concerned, they have been practically met at an annual cost of 35 lakhs nearly. In the distribution of these amounts, however, certain provinces have been favoured more than others and Madras has had very bad treatment in the past from the Honourable Member in charge of this Department. The time-scale of pay fixed for Madras postal employees and the minimum they are now getting is much below that of Calcutta and

the Honourable Sir Bhupendra Nath Mitra seems to shift the responsibility on to the leaders of Madras in the Assembly, who seemed to be content with a lower scale for Madras. None in my opinion would be so unpatriotic as to suggest that Madras postal employees could live on low wages and, granting there were some such, they do not constitute the majority, nor do they represent the employees. I do not for one moment question the partiality of the Honourable the Industries Member for Calcutta or any other city, but what I say is that he should not take the one-sided view of any Madras Member or Members and use it as a pretext to place the Madras postal employees under perpetual misery. Lest their case should again go by default or otherwise, I have voiced forth in this House the feelings of these helpless postal employees in Madras and I hope in the revision of the scale proposed for the Postal clerks, for which a sum of Rs. 5,81,000 is provided in the Budget for 1927-28, their claims will be reconsidered and they will be placed on an equal footing with their brethren in other parts of India.

The next point for consideration is about better services and cheaper postal rates. With regard to the former, there were local deliveries for every two hours or so in Madras some years ago but now they have been restricted to one delivery in the afternoon. The village postal system is being neglected and requires overhauling. Coming to the question of cheapening postal rates, I do not wish to say anything in detail now. The proper time will be when the Finance Bill is being discussed in this House. But I would, however, venture to suggest at the present moment that the financial difficulty involved in this proposal could be easily overcome by utilizing the unallocated recurring surplus still left, namely, 1.01 crore for 1927-28, for the reduction of postcards at least. I know that it will shatter all the high hopes of the Honourable the Finance Member for the building up of a revenue reserve, to fund the would-be Reserve Bank. The question of the establishment of the Reserve Bank might conveniently be postponed to some later date until at least our finances have sufficiently adjusted themselves and our surpluses prove to be real and substantial by further trials. Even the Currency Commission have not recommended the immediate establishment of the Reserve Bank and there is, therefore, no hurry about it now. The reduction in the rate of postcards at least will give considerable relief to the poorest of the poor.

With regard to beneficial services, I would like to make one or two proposals, which I hope will commend themselves to Government. I wish that provision is made in the Budget for 1928-29 at least, for the establishment of herbariums in suitable centres in India to collect, grow and preserve the very many useful herbs and plants of great medicinal value, which, for want of proper care and attention, are fast disappearing.

This will not only provide a vast field for research work, but will in the long run go to make medical aid very cheap. Another thing I would suggest is that more money should be allotted for research work in tropical medicine.

Sir, I have now come to the close of my remarks. The glowing picture drawn by the Honourable the Finance Member at the conclusion of his speech is full of promise, full of sympathy to the millions of the masses of India. But this picture will soon fade away and a gloom will overtake us, we are told, if the ratio question is not decided in his favour. The will of the Indian nation, whether right or wrong, will be known shortly, when the

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Currency Bill is discussed in this and in the other House. But in the meanwhile to barter away any permanent national benefit for a temporary boon that is now offered, namely, the entire abolition of the provincial contributions, is neither sound policy nor true statesmanship.

THE HONOURABLE MR W. A. GRAY (Burma Chamber of Commerce): Sir, I wish to associate myself heartily with the congratulations that have been tendered by the Honourable Sir John Bell to the Honourable the Finance Member on the financial results of the year that is just drawing to a close, and more particularly on the remission of the provincial contributions, even though we have no assurance that complete remission will be a feature of the Budget in ensuing years, and even though the offer is subject to the decision of the Legislature on the Currency Bill which will be under discussion next week.

Speaking as the representative of Burma, I must express gratitude for the way in which the Government of India has seen fit to comply with the appeal of the Provincial Government for the removal of the import duty on rubber stumps and seed, thereby offering encouragement to a growing industry; though the sacrifice which this involves to the central revenues is hardly comparable with that resulting from other schemes of revised taxation that appear in the budget proposals. From the prominence given to this point in the speech which accompanied the introduction of the Budget it might almost be supposed that Burma was receiving special consideration as great as that which is being received by Bombay, for instance.

Burma, in common with other Provinces, will be grateful for the relief given by the removal of the export duty on hides. Burma has no tanning industry. Attempts have been made to institute one but they have failed, and therefore Burma has had nothing to gain from this duty, though it has had much to lose in the past. For some time past the hide industry in Burma has been in a moribund condition so much so that it is hardly worth the while of the agriculturist to flay the carcasses of dead cattle. Though we could have wished that the export duty on skins also had been removed, it is to be hoped that the abolition of this duty will give a new lease of life to the hide industry and enable it to compete in the export trade.

Export duties are universally condemned as a vicious form of taxation and this view has been recently confirmed by the Taxation Enquiry Committee. It is therefore to be regretted that the Government of India have not seen their way to propose the abolition of yet another export duty, that is, the export duty on rice. As is mentioned in the statement issued by the Central Board of Revenue and circulated with the budget papers, Indian rice has to compete in foreign markets with rice from French Indo-China and Siam, and consequently the price which the consumer pays is fixed by this competition. The rice miller or middleman naturally is careful to see that he does not suffer more than is necessary and consequently the burden of this export duty is borne by the producer or agriculturist. Now in Burma at present we have two taxes—the Capitation Tax in Lower Burma and the Thathameda Tax in Upper Burma—which fall mainly on the agricultural classes. I will not weary this House with a description of these taxes but will only say that they have been universally condemned as a source of provincial revenue, and an attempt is being made to substitute other taxes

for them. So long as these taxes exist or any other tax is substituted for them which takes the form of a burden on the agriculturist, the Provincial Government is not justified in attempting to increase its income from land revenues, but if the export duty on rice was removed and the agriculturist relieved of the burden which he now bears, an increase in the taxes derived from agricultural land and products would not be felt by the producer. The existence of the rice duty is thus a check on the Local Government's ability to increase revenues and Burma would gladly see it abolished.

Failing its abolition what we ask is that the proceeds of the rice export duty should be made over to Burma. I do not suggest this as an act of charity on the part of the Government of India because Burma has outrun the constable; nor do I claim any special consideration for Burma though it would not be unreasonable to do so on the ground that she came under the control of the Government of India at a time when other Provinces had already reached an advanced stage of development; and since the Government of India fears to provoke the wrath of other Provinces by giving her special assistance, she is not likely to overtake the other Provinces except by her own unaided exertions. But, Sir, I do not base my claim on any reasons such as these. I base it on the fact that Burma alone provides this source of revenue to the Government of India. Other Provinces export rice it is true, but during the last 20 years India has imported from Burma approximately 8 tons of rice for every 5 tons which she has exported to 12 Noon. other countries; from which it is clear that if there were not a sufficient surplus crop produced in Burma, India could not export rice at all, and therefore it is Burma alone which is responsible for providing a sum of Rs. 1 crore which this duty yields to the central revenues.

Sir, this is not the time to discuss the ratio question, but before concluding my remarks I wish to refer Honourable Members to two points in the statement issued by the Central Board of Revenue regarding the effect on the financial position of the Government of India of an alteration in the exchange value of the rupee from 1s. 6d. to 1s. 4d. In paragraph 11 of the statement it is estimated that the result of the alteration would be an increase of 20 per cent. in the export of rice, giving a further gain of 24 lakhs. I do not dispute the correctness of the figures, but what I do question is, whether we can safely assume that India will have a sufficient surplus crop to enable her to increase her export by 20 per cent., that is to say, by some 4 lakhs of tons. I do not think that this assumption is likely to be fulfilled; and so the gain under this head should be reduced considerably, if not entirely ignored.

The second point is in paragraph 12 of the statement where a gain of Rs. 10 lakhs is assumed as a result of the reduced import of kerosene. Now, Sir, the amount of kerosene imported into India has little if anything to do with the exchange value of the rupee. The quantity imported is almost entirely regulated by the difference between the volume which India can produce and the volume which she consumes; and the deciding factor is therefore the productivity of the Indian oil-fields. If Honourable Members will refer to the summary contained in paragraph 14 of the statement they will find that if these two items are excluded from the anticipated gain, the total under that heading is reduced by more than one-third, and the net loss to the customs revenue from the alteration from 18d. to 16d. will be increased to Rs. 160 lakhs.

THE HONOURABLE SETH GOVIND DAS (Central Provinces: General): Sir, I am sorry that I cannot join in the congratulations offered to the Honourable the Finance Member by my Honourable friends, Sir John Bell, Mr. Gray and Sir Haroon Jaffer. The first thing on which the Finance Member is being congratulated is that he has been able to bring forward in this House surplus budgets for the last four years. I may point out, Sir, that this is not a matter for congratulation. It may be asked "Why not?" We, Congressmen have always been blamed for putting forward before this House extreme views. But, Sir, I will quote from the moderate of moderates, the late Mr. Gokhale. In his very first speech on the Budget in 1902, the late Mr. Gokhale said that they constituted a double wrong:

"they are a wrong in the first instance in that they exist at all, that Government should take so much more from the people than is needed in times of serious depression and suffering; and they are also a wrong because they lend themselves to easy misinterpretation and among other things render possible a phenomenal optimism of the Secretary of State for India who seems to imagine that all is for the best in the best of lands."

Thus, Sir, I cannot congratulate the Finance Member on the surplus.

Then, Sir, he has been congratulated on his having remitted the provincial contributions. On this point, Sir, I will only say one thing and that is that it is only a piece of belated justice; he should have done it long ago in the year of the very first surplus; and for this reason I again cannot congratulate him. On the other hand, Sir, I would say that he has put us on the horns of a dilemma. My Honourable friend, Dr. Rama Rau, pointed out that the suggestion was that either we should have the ratio question settled at 18d. or that we should go without the remission of provincial contributions. I may say that this has not been a new thing with Government Members.

THE HONOURABLE SIR BASIL BLACKETT: In possession of facts.

THE HONOURABLE SETH GOVIND DAS: Yes, Sir. In 1924 the Honourable Sir Basil Blackett said in his speech in the Assembly while dealing with the question of the salt tax and the provincial contributions:

"There is the choice before the House; this House has the choice this year of Re. 1-4 as. salt tax and no relief for provincial contributions, and though it is not absolutely certain, it is probable that if it makes that choice there will be no relief for provincial contributions next year."

Thus, Sir, this has been the practice of the Government in the past. I will only say this, that if you give us the choice, then let it not be a restricted one and we will show that we can bring the ratio down to 1s. 4d. and we can give remission to the provinces too; and not only this; we will do much more; we will remit the salt tax and we will bring down the postal rates and accede to other popular wishes. But what is being done now is to give a certain choice to us and to restrict us. As far as the ratio question is concerned I shall not deal with it at this stage. This question is coming up later before the House and I reserve my remarks for that occasion.

Now, Sir, as regards the additional taxation. What do we find? Since 1913-14 the taxes have gone up by Rs. 49 crores. In the beginning it was said that the taxation could not be reduced on account of the War; then the financial bogey came and there were deficit budgets, and for making up those deficit budgets there was further taxation. Now, Sir,

the War is over; the deficits are gone and still the taxes are where they were. In fact, Sir, I will say that the burden of taxation has increased and I will show how it is so. If we look at the purchasing power of the rupee, we find that in 1920, the index number of prices in Bombay was 260; it has come down to 146

THE HONOURABLE SIR BASIL BLACKETT: What was it in 1920?

THE HONOURABLE SETH GOVIND DAS: 260.

THE HONOURABLE SIR BASIL BLACKETT: 216 you mean?

THE HONOURABLE SETH GOVIND DAS: No, 260

THE HONOURABLE SIR BASIL BLACKETT: It was not 260; it was 216.

THE HONOURABLE SETH GOVIND DAS: Yes. I am sorry, Sir, it was a slip of the tongue; it was 216; and it has come down to 146. Now, Sir, at that time the people paid 64 crores as taxes. If we measure this in terms of rupees of 1920, it comes, Sir, to Rs. 117 crores. Thus, Sir, in fact the burden of taxation has not decreased; it has considerably increased.

Another point, Sir. In 1922 the Retrenchment Committee recommended certain reductions to balance the Budget. If the Government had accepted those recommendations, the Budget could have been balanced.

THE HONOURABLE SIR BASIL BLACKETT: Government did accept those recommendations.

THE HONOURABLE SETH GOVIND DAS: Not fully. Then what do we find, Sir? We find that certain circumstances, certain new favourable circumstances, have come into existence. In 1923 the ratio went up from 1s. 4d. to 1s. 6d. There was a reduction of interest; there was a fall in prices; and, Sir, according to the Honourable the Finance Member's own calculations the Government are now saving from exchange $5\frac{1}{2}$ crores of rupees

THE HONOURABLE SIR BASIL BLACKETT: May I intervene for a moment, Sir. I did not say that the Government are saving $5\frac{1}{2}$ crores of rupees from exchange. I said that the effect of a sudden alteration in the exchange would be a decrease of over $5\frac{1}{2}$ crores. That is quite another thing.

THE HONOURABLE SETH GOVIND DAS: If there will be a deficit now on account of 1s. 4d. there must have been a surplus from the ratio having gone up from 1s. 4d. to 1s. 6d.

THE HONOURABLE SIR BASIL BLACKETT: It is not an exactly equivalent amount.

THE HONOURABLE SETH GOVIND DAS: I say, Sir, whatever the Finance Member may say now, Government must have been saving considerably; there is no doubt about it.

Then, Sir, under Interest, the Honourable the Finance Member says that they are saving $5\frac{1}{2}$ crores now. If we compare the figure in 1922 and that at present and consider the fall in prices, then they must be saving a great deal by this as well. All this money should have gone to the remission of taxes, but we find that the taxes have not gone down.

Apart from this, Sir, there should be an equitable distribution of the burden of taxation. But according to the Taxation Enquiry Committee the burden is more on the poor. It is hardly fair. And what have the

[Seth Govind Das.]

Government done this year? The import duties on motor cars have been reduced. I ask, Sir, is it going to affect the poor people? My Honourable friend Colonel Crawford said in the other place in his speech in the course of the general discussion of the Budget that he is anxious to give a seat in the car to every poor man in this country. I say, Sir, when the poor people are not getting even enough to eat or to clothe themselves, how can they relish the boon? As regards salt, Sir, the Government say that cheap salt will be a luxury, and for post offices, it is said that they must pay their way. This is what is being done for the poor. In the matter of salt, it was again urged that like English alcohol and tobacco, there should be some tax to be contributed by the poor. This is absurd. There cannot be any comparison between a tax on alcohol or tobacco and one on salt. Alcohol and tobacco, Sir, are luxuries, whereas salt is a daily necessity, an indispensable commodity for the preservation of health.

Then Sir, if we turn to the expenditure side, what do we find? Much has been said about the military expenditure, and I will therefore add only a few words. According to the recommendations of the Retrenchment Committee, the military expenditure to-day, when the prices have fallen, should not be more than 50 crores; but, Sir, it is said that it is a pious wish. His Excellency the Commander-in-Chief said this in the other place and the Honourable the Finance Member endorsed it here thus:

"Only the sternest economy and strictest vigilance can now prevent our military expenditure from showing a tendency to rise rather than to fall."

Well, Sir, the recommendations of the Retrenchment Committee are thought to be pious. Why is it so? Why not accept their expert opinion in this matter also? When the question of steel protection came up it was said by my Honourable friends Sir Charles and by Sir Maneckji that we must accept the recommendations of the Tariff Board, because it was the expert opinion. But now when these recommendations are inconvenient to them, I say, Sir, that when expert opinion is inconvenient to the Government, they say it is a pious wish. The frank statements regarding the reduction of the military expenditure of the Honourable the Finance Member and His Excellency the Commander-in-Chief are prophetic. I see, Sir, which way the wind is blowing. The political situation in the Far East is far from satisfactory. Troops are being sent to China and we are going to have a naval base at Singapore.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official). The China Expedition expenditure will not be borne by the Indian Government.

THE HONOURABLE SETH GOVIND DAS: It is said, Sir, that England is also spending a large portion of her revenue on military expenditure. I say, Sir, that the military expenditure of England is now much less as compared with prewar expenditure. I shall just read a quotation from the *Statist* of the 1st August, 1925. That paper writes:

"The *personnel* of the army and navy in 1925 is considerably below that of 1914, and the total expenditure of the army and navy, making due allowance for the changes in the value of sterling, is lower than it was then."

Now, Sir, what is the case in India to-day? In India we find that in 1913-14, the military expenditure was only 30 crores. Well, the prices

have risen no doubt by 50 per cent., but even then to-day the expenditure should not have exceeded 45 crores according to the ruling prices; but it is 56 crores. Even if England has to maintain a big army she has to keep under subjection a big Empire; she has a worldwide trade to protect and she has vast political ambitions to carry out. But what is the position in India? We have no ambitions outside our country. We have no liberty worth the name to protect and our independence is yet to come. Therefore, Sir, the conditions of England cannot be compared with those prevailing in this country. So far we have been fighting the wars of England. But now the results of the last Imperial Conference make me suspect that in future we might have to fight the battles of the Dominions too, and that might be another reason for maintaining such a large army in this country.

If the Government really want to reduce the expenditure, they can certainly do so. So many ways have been suggested regarding the reduction of expenditure on the civil services as well as on the army, that I do not think it necessary to repeat those arguments. I will only add in conclusion, Sir, that the Government can do much if they really wish to relieve the poor. The Budget which has been presented to us, Sir, is in my opinion far from satisfactory, and I cannot congratulate the Honourable the Finance Member on it.

THE HONOURABLE SIR ARTHUR FROMM (Bombay Chamber of Commerce): Sir, life is full of surprises and the Budget which we are discussing to-day has its fair share of them. Surprise No. 1 is that the revised estimates of last year were over-cautiously calculated to the extent of just over 2 crores, with the result that 1925-26 closed with a realised surplus of 331 lakhs instead of 130 lakhs. Surprise No. 2 is that the revised estimates for the current year, 1926-27, show an advance of 305 lakhs over the budgeted surplus of 5 lakhs, and Surprise No. 3 is that in the current year, on the present level of taxation, the budgeted surplus works out at 370 lakhs.

Well, Sir, surprises come under two categories, pleasant ones and the reverse, and on this occasion I think the Honourable Members of this Council will agree with me that the shocks we have sustained come under the former description. I think the Honourable the Finance Member must have received the shock of his life at the windfall of 2 crores at the close of the year 1925-26, further accentuated by the budget surplus of 5 lakhs for 1926-27 being converted into a revised estimated surplus of no less than 310 lakhs. However, Sir, having recovered from his astonishment the Honourable the Finance Member manfully tackled the Budget for 1927-28 and guided by the figures for the current year it is of little surprise that he has produced an estimated surplus of 370 lakhs for the coming year.

I listened with considerable interest to the financial dissertation of my Honourable friend Seth Govind Das, but I will just remind him that there is one thing which he overlooks, in his great dislike for a surplus Budget, and that is debt redemption. With the surplus for 1927-28 Sir Basil Blackett at once proceeded to redeem the promises he made to us a year ago, and here I think the whole House will join with me in a chorus of approval of the Honourable Member's action and of congratulation that by skilful and careful financial management he finds himself in a position to carry out what he had hoped to do. I refer of

[Sir Arthur Froom.]

course to the reduction of the import duty on motor cars and motor tyres and to the relief to the Provinces of the contributions to the Central Government.

As regards the former, I have no doubt that the Provincial Governments will take the Honourable Sir Basil Blackett's hint and help themselves to the 10 per cent. reduction in the import duty on motor cars. To this I have no objection; in fact, I hope they will take that action, but with this proviso, that the money so obtained should be devoted solely to the improvement of roads and to their upkeep. This I feel will meet with the full approval of this Council which has recently passed a Resolution recommending that Government should institute a full inquiry into the question of road development in India.

Turning next to provincial contributions, I am in full agreement with the Honourable the Finance Member's action in taking his courage in both hands and reducing by $3\frac{1}{2}$ crores the total contribution which at present stands at 608 lakhs, leaving a non-recurring remission of 258 lakhs. I further applaud the Honourable Member's proposal to remit altogether for the year 1927-28 the contributions from all Provinces. I also think, Sir, that I would be considered guilty of a lack of courtesy if I did not express my thanks to Sir Basil Blackett for the allocation of a gift of 28 lakhs to Bombay against her contribution of 56 lakhs for the current year, 1926-27. However, in expressing Bombay's gratitude I do so with a certain reservation. As no doubt Honourable Members are aware, the original contributions from Provinces under the Meston Award totalled the sum of 983 lakhs, of which Bombay's share was determined at 56 lakhs. Since the time the award was originally made there have been two permanent reductions totalling $3\frac{1}{2}$ crores but, in spite of these reductions, Bombay's contribution has remained the same, whereas Madras has received relief to the extent of 183 lakhs, the United Provinces 89 lakhs and the Punjab also 89 lakhs. It is true that the contribution of 63 lakhs of my friend's, Sir John Bell's province—I am talking of Bengal—also remained unaltered, *on paper*, but Bengal, Happy Bengal, has not been called upon to pay anything, whilst poor Bombay up to the present has received no consideration whatever except for a non-recurring present of 22 lakhs for the year 1925-26. When I came to the Council this morning, Sir, I expected to see broad smiles on the faces of my friends on my right, because of the proposed recurring reduction of $3\frac{1}{2}$ crores, Madras gets no less than a further 116 lakhs, in addition to what they have already received. Now, of the recurring remission of $3\frac{1}{2}$ crores, proposed by the Finance Member, Bombay received relief only to the tune of 19 lakhs. It is true that in 1927-28 she is to receive a remission of her balance, namely, 37 lakhs, but this 37 lakhs is a non-recurrent remission and that is where I have said Bombay's gratitude is tempered with some reservation. I sincerely hope that this time next year, when presenting his Budget for 1928-29, the Honourable the Finance Member will be able to wipe out altogether the balance of the contributions, or if he cannot do that, I hope that at any rate he will wipe out the Bombay's share of 37 lakhs. With the huge amount of income-tax which Bombay contributes to the Central Government I think I can claim with justice that she has been harshly treated. I think I am right in recollecting that the Honourable Sir John Bell said that Bengal

paid one-third of the whole of the income-tax of India and Burma. He did not say how much Bombay paid. I have not got the figures before me. I fancy she pays a good share of the remaining two-thirds.

THE HONOURABLE SIR JOHN BELL: About half of what Bengal pays.

THE HONOURABLE SIR ARTHUR FROOM: At any rate I am glad that Bengal's conscience has been awakened, because it is not very many years ago that Bombay paid more income-tax than Bengal owing perhaps to the activities of the inland revenue officer in Bombay, and perhaps to the sleepiness of the inland revenue officer in Bengal.

Sir, I read with considerable surprise the views expressed in the Press by one of the Honourable Members of this Council that the Budget was one for the rich and not for the poor. Would the Honourable Member describe the reduction of 10 per cent. in the customs duty on motor cars as a present to the rich, when obviously the sum represented by that reduction will be seized by the Provincial Governments for road development to the benefit of the poor agriculturist in the country? In effect, there will be no actual reduction of the duty on motor cars, but there will be an alteration in the direction in which the present duty on motor cars goes, or part of it. Again, would the Honourable Member describe the relief afforded to the hides trade, a trade in which many poor people are employed, as a gift to the rich? The reduction in the export duty on tea might have come in for some criticism at the hands of the Honourable Mr. Ramadas Pantulu had not the Finance Member been careful to take away with his left hand, in the shape of increased income-tax, what he has given with his right. And here I have no doubt that the Honourable Sir Basil Blackett will have listened with interest to the remarks which fell from an Honourable Member who sits behind me—but who is not in his place now—in that he clearly made it plain that he was in favour of taxation on agricultural incomes. Then, to continue, would the Honourable Member to whom I have previously referred, describe the relief afforded to the Provinces as a benefit for the rich when this relief will enable the Provinces to go ahead with their schemes for the raising of the social and economic status of the people? I think that the whole House will agree with me that this accusation of a rich man's budget is entirely unjustified and that most Members with myself are getting not a little tired of these unfounded accusations against Government. Of course, we should have liked some relief from taxation. But I recognise, and I think that all reasonable Members of this Council will recognise, that the Honourable the Finance Member cannot stretch his surplus further than it will go. I remember that when I was a lad in this country, on more occasions than one I tried to make Rs. 10 go as far as Rs. 20; but my experiment was not very successful. It generally resulted in an overdraft on my bank and my last state was worse than the first, because banks have a nasty habit of charging interest on overdrafts. I contend that if the Honourable the Finance Member did not pursue a cautious policy in dealing with his surplus, he would find himself in a very similar position.

Now, for a moment, I wish to invite Honourable Members' attention to the statement under ways and means. It is now close on four years since the Government of India have issued any sterling loans and the present Budget for 1927-28 includes no provision for any external loan.

[Sir Arthur Froom.]

This is a matter for sincere congratulation and is a testimony to the soundness of India's financial position. I think, too, that we can pat ourselves on the back, after having first patted the Honourable the Finance Member's back, in that the credit of the Government of India stands so high and that the last loan was floated at a considerably lesser rate of interest than that which was ruling a few years ago; that position, too, has been attained with the value of the rupee at 1s. 6d.

In referring to the rupee I do not propose to introduce now this controversial question, but I do claim that the short statement issued by the Honourable the Finance Secretary to show what would be the effect on the Budget of a reversion to 1s. 4d., has been drawn up in no exaggerated form; in fact, I am of the opinion that the estimate that the finances of the Government would suffer to the extent of Rs. 5½ crores, were the present value of the rupee to be dropped arbitrarily to 1s. 4d. is understated rather than over-stated and that, if the change were made, instead of having a budget surplus of Rs. 370 lakhs we should have an even larger deficit than the suggested one of Rs. 1½ crores.

Sir, I have heard the Honourable the Finance Member described as a first class juggler. Well, if that is the correct description of Sir Basil Blackett, I take off my hat to him as a successful adept in the art of juggling. In fact, I would go further and make him a present of my hat if he would only continue his juggling tricks and produce out of it further surplus budgets for the benefit, the prosperity and welfare of India.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, I wish to join the other speakers before me, in congratulating the Honourable the Finance Member and his Secretary for having presented a surplus budget once again. My congratulations are not formal, for we were treated to an exceedingly lucid exposition of the present condition of Indian finance. Sir, it was not mere fortune that came to his aid, but throughout the Budget, there are marks of exemplary care and scrutiny coupled with unremitting zeal displayed in the huge volumes offered to us for study and criticism.

Sir, dealing with the resources of the revenue for the current year, the Honourable the Finance Member expects a net revenue of 49.15 crores (four thousand nine hundred and fifteen lakhs). I have no doubt that the Honourable Member has taken note of the general tendency for prices in European countries to fall and I do hope that our export and import transactions will bulk sufficiently large to justify his expectations in this direction.

Sir, though one may feel dissatisfied that there is no reduction in income-tax and super-tax, it is gratifying to find that with increased trade, the Finance Member expects an increasing return under this head. But in this connection I should like to bring to his notice that there is a volume of opinion in the country that the collecting agencies resort to harassment to some extent. I am sure, however, that while adopting vigilant measures in collection, the heads in charge of this department of collection will see that avoidable worry and annoyance is not caused to the assesses.

In the matter of super-tax also, I think no reduction is feasible and I believe it falls on shoulders that are well able to bear it.

Sir, coming to the expenditure side of the Budget, the first in size and importance is the military expenditure. Veteran financiers like the late Mr. Gokhale and my Honourable colleague, Sir Dinshaw Wacha, who have made a life-long study of this and other kindred questions in our finance have seriously complained in the past about the mammoth size of the then military expenditure. I gather, Sir, that it was then not more than 30 crores. I wonder how the cool, calm and deliberate statement of the Finance Member that there is no near possibility of this expenditure going below its present level, will be received in the country. By the side of the 128 crores of the revenue, 54.92 crores of military expenditure would strike even the most light-hearted as most extraordinary. It may strike a curious foreign student of our finance that the country is always in danger of foreign invasion.

Sir, in spite of the existence of the League of Nations, the disarmament proposals and other international agencies making for world peace, it was not possible for His Excellency the Commander-in-Chief to secure a further reduction under this head.

Sir, with the establishment of the naval base at Singapore and the improvement of the Air Force, it must become possible to reduce the British section of the Indian Army to some extent and a slight increase in the Indian section.

We are told, Sir, that there is a considerable stock of surplus stores for disposal. But no indication has been given of its approximate value.

We are promised an immediate expansion of Air Force and barrack accommodation for British and Indian troops. I for one would welcome the proposed channels of expenditure. But in doing so, I should like to add my voice also that the people of my country ought to get greater facilities for training in air craft and the Indian officers and non-commissioned officers should get better opportunities in this direction.

Now, Sir, as regards barrack accommodation for Indian troops I would request His Excellency to have a soft corner in his heart for the Indian sepoys in regard to their barrack accommodation and other amenities.

His Excellency knows, I am sure, that India of to-day is not what it was before the Great War. The standard of living of all classes of people, not only in towns and cities, but also in remote villages, is fast changing and the sepoys drawn from the rural parts ought to feel contented that they get a better standard of living in the barracks than in their villages. It must be admitted that there is still much scope for improvement in the lot of the Indian sepoys in all directions compared with his British counterpart.

Sir, throughout the entire House, there will be nothing but praise that the first concern of the Central Government is to spend on the *beneficial services*. Without subscribing to the Finance Member's left-handed compliment to the Retrenchment Committee I should congratulate the citizens of the *administered areas* under the Central Government for the great solicitude it now extends for their physical, social and moral well-being. But it is a pity, Sir, that the Government have not thought fit to show the same generosity to the other Provinces, especially Bengal. It is true that the Central Government has no direct responsibility in matters of provincial education and health. They are certainly aware of the crippled resources of the provincial exchequers, in spite of the heavy taxation prevailing there. Sir, in a vast country like Bengal where malaria and epidemics account for the alarming death-rate, adequate provision ought

[Mr. Mahmood Suhrawardy.]

to be made in order to lessen the appalling death-rate. I do know that Health, Education and Medicine are provincial transferred subjects. But, Sir, the Central Government cannot afford to look on with indifference at the present state of public health in my Province, resting themselves on the technical plea of these being provincial transferred subjects. Be that, however, as it may, the public, Sir, cannot and will not absolve the Central Government of its ultimate responsibility for the well-being of its people at large.

Throughout the entire Budget I have not been able to find a single new item of expenditure or a new reduction of tax that will directly enure to the benefit of the poor folk. Except for the negative virtue of not having raised the salt duty, the poor man's lot continues to be what it was in the last year.

Sir, I would directly refer to what I mean. Time after time, year after year, repeated arguments have been urged on the floor of this House for the reduction of prices of postcards and letters. Whenever there is a surplus, it is usual to expect that some share of it, be it small or great, would go to the people who contributed to it. I mean that something tangible and directly appealing to the masses ought to be given. We are painfully familiar with the patent reply that the department has been commercialised and that it must first be made to pay its way before any reduction of the prices of these things could be granted. It is conceded, however, that the Postal Department is working at a profit, but it has unfortunately to buttress the Telegraph Branch. Need I say, Sir, how pleased the whole country will become, if only the Finance Member can find a way of reducing the prices of these things.

Well, Sir, it is indeed very gratifying that out of the net surplus, the Finance Member has made a generous distribution by remissions of the provincial contributions, and we should be grateful to the Government if they would *extinguish* it as early as possible.

Sir, we have doubtless a surplus budget, but it does not require much acumen to find out whether this happy state was attained through a period of commercial and industrial prosperity. Does it really represent an all-round increase in the average income of the people? Trade is not very brisk; taxation is high enough, unemployment is growing and the cost of living has increased everywhere. I do not say this in a spirit of fault-finding for, I know that Government have many commitments on hand to meet which they have to keep up the present level of taxation.

Sir, I am sure this House is particularly thankful to the Finance Member for the reduction in the import duty on motor cars and tyres. I am sure the reduction would stimulate motor transport trade throughout the country. In this connection, Sir, I would remind the Government again, that the benefit of this reduction should go to improve road development in rural areas.

The reduction of import duty on rubber seeds and stumps is also welcome and it will give a much-needed stimulus to the rubber industry.

Sir, though there is no general reduction of taxation, the few articles marked for the reduction of duty have been chosen with such great judiciousness and foresight that we cannot fail to congratulate the Finance Member once again. Above all what strikes me as a very important feature in the financial policy of the Government is its scheme for the avoidance

of debt or debt redemption. But this year we are told that he had to depart a little from this accepted canon of public finance and I do hope that adequate steps will be taken to push on this scheme and extinguish the unproductive debt and foreign debt as quickly as we can.

Sir, I fervently hope that in the coming year the Finance Member will put forth his best efforts and apply his usual genius for economy and scrutiny and reduce the expenditure to an appreciable extent, so that we may have not only a surplus budget but one based on the prosperity of trade and commerce.

Lastly, I heartily echo the unexceptionable sentiments of the Finance Member at the close of his speech in reference to the health and happiness of the millions of our fellow countrymen.

[The Honourable Nawab Sahibzada Saiyid Mohamad Mehr Shah (East and West Punjab: Muhammadan) made a speech in Urdu, a translation of which appears as an Appendix to these Proceedings.]

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, a Budget that reveals a surplus of Rs. 3,10,00,000 during 1926-27 and an estimated surplus of Rs. 3,70,00,000 during 1927-28 cannot but be regarded as a satisfactory one. The Budget has been framed very cautiously and on sound financial lines. It is a bold Budget in my opinion because it is full of self-imposed responsibilities, and I trust that the confidence with which the Honourable the Finance Minister looks forward to next year's surplus will be fully justified. I have heard it said that this Budget is a rich man's budget because it does not dispense with the taxation on salt, and because it does not reduce the duties on postal stamps. I must say that it is an erroneous idea to view a budget from such a standpoint. A prosperity budget does not necessarily imply or denote a rich man's budget. Then, further, no one has a right to ask that a particular community or a particular section should profit by the sacrifices of another community. The Finance Minister has to see that both the rich and the poor citizens receive an equal measure of relief from taxation when such relief is to be given. It is a bad principle of economics to say that the burden of taxation should always be borne by the rich, and that the poor should always and at all costs be relieved. The burden should be equitably distributed, distributed so judiciously as to result in an equitable incidence, and any argument to the contrary in my opinion is wholly unsound. It has been argued this morning by several of my Honourable colleagues that no relief has been given under major heads of taxation. In this connection I am also bound to state that the idea prevailing among some Honourable Members is not a sound one. In judging of relief from taxation which a Finance Minister is able to announce, we have not only to look to a particular year. It is true that in the first year of his office the Finance Minister imposed heavy taxation. But, on the other hand, if you look to the last three Budgets what has been done? It is a wrong thing to state that no relief has been given. A considerable amount of relief has been given, and I trust further relief will be given very shortly. You will find by a study of the last three Budgets that relief

1 r.m. to the extent of Rs. 9 crores has been given to the Provinces by remitting the provincial contributions. You will find that relief to the extent of nearly 2 crores of rupees has been given to the textile industry by the abolition of that much-condemned duty. In other directions also relief has been given particularly by the reduction in the salt-tax and

[Sir Maneckji Dadabhoy.]

what is contemplated by the present Budget is also further relief of taxation. In all relief to the tune of fifteen crores has been given during the last three years. We are having much coveted relief this year. I am not referring to the relief given to the hides and skin industry and the tea industry. I am referring to the promised remission, almost to a complete extent, of the provincial contributions in 1927-28, and if the provincial contributions are wholly remitted, is it not a substantial relief from taxation? It may not be a sort of immediate relief from the Central Government, but the Central Government places the Provincial Governments in a position to give relief to various communities in their own provinces. They are saved from additional taxation in the provinces and, therefore, the result is the same whether relief from taxation is given directly by the Central Government or a contribution is given to Provinces and the Provinces are able to meet all the necessary expenditure and avoid further local taxation. Just that is being done. This year, you will see, that every Province has shown a deficit something between 50 and 70 lakhs of rupees in their provincial Budgets, and a relief of this character will enable them to rehabilitate their financial resources and give relief to their own people. So, I submit that in gauging the standard of relief, it is a short-sighted policy to confine our attention only to the immediate dispensation of a particular tax. Sir, I quite agree that it is the first duty of the Finance Member to apply the surplus for the reduction or avoidance of the central debt, but Honourable Members are aware that the whole of India and the two Legislatures have been consistently fighting for the last five years for the total remission of provincial contributions and that they extorted a pledge from the Central Government that those contributions shall be dispensed with as soon as finances have been rehabilitated; and when there is a surplus what else is the Finance Minister to do but to comply with the popular demand, the popular sentiment, that these provincial contributions should be wholly dispensed with? Sir, I trust nothing will happen to retard this consummation. I trust nothing unfortunate will take place and that my Honourable colleagues here, when the ratio question comes up, will not do anything to mar or postpone the progress of the Provinces but will remember the great need for money under which the Provinces are seriously and unhappily labouring. It must be remembered that an alteration in the ratio will convert this surplus budget into a deficit budget. As regards this matter of ratio, I do not propose to speak on this occasion. The matter will be discussed as a separate issue very shortly in both Houses. All that I now want to point out to Honourable Members is that it has been sadly misrepresented in some quarters that this surplus has been obtained merely by the exchange being fixed at 1s. 6d. The Budget has not been framed this year only on the basis of 1s. 6d. exchange. Please remember that this is the third year in which the Budget has been framed on the ratio of 1s. 6d., and this argument to-day that the surplus has been created for the nominal purpose of satisfying provincial needs and getting the Ratio Bill passed does not hold good.

Sir, I am glad that the Honourable Member has clearly stated in his Budget that the credit of the country is much restored and stands at a very high level. It is the credit of every country which is reflected by its own internal management. In this particular case this credit has been brought about simply by balancing our Budgets and by imposing a just

and fair system of taxation. We have been able last year to float the Government loan at a very moderate rate of interest. This is an indication of the credit of the country and also of the prosperity of the country. I only trust, and would like on this occasion to give a little warning to my Honourable friend with all humility, that he will not carry his desire or ambition to reduce further the rate of interest. It is true that the rate of interest in India stands to-day at a much higher level than in the United Kingdom, but the circumstances are different, and, if the rate of interest is reduced too low, there might probably be a tendency to avoid investments in Government stocks and securities.

Sir, I am very glad that an important measure of relief has been given in the matter of two export duties, the hide and the tea industry. I heard one of my Honourable friends stating that the duty on the tea industry is dispensed with for the benefit of the foreign consumer. I am afraid that my friend is not at all aware of the history of these duties, otherwise he would not have made that remark. Export duties are not beneficial to any country. Export duties ought to be abolished as far as possible. We have revenue export duties only on four or five articles in this country, and the Fiscal Commission, with the exception of one, namely, the export of rice, to which I will allude presently and which the Honourable Mr. Gray has mentioned to-day, have recommended that they should be abolished at the earliest opportunity. The duty on tea was imposed in 1916 after the War because finances were required by the Government of India, and a promise was then made that that duty would be dispensed with as early as possible. Now in the case of the export duty, who pays for it? It is a wrong thing to suppose that the foreign consumer always pays for it. The duty invariably falls on the producer and that producer is the agriculturist of the country, and it is only fair and right that that duty should be abolished. It is simply a tax on the produce of the country. The Fiscal Commission unequivocally recommended the abolition of that duty and I am glad that the Government have taken this opportunity to do it. I welcome in the same manner the abolition of the duty on hides. It was a duty imposed for the protection of the tanning industry. As regards rice, my friend is perfectly justified in placing his case so far as Burma was concerned, but let me point out to my Honourable friend that in the case of rice, the export duty does not work harshly. Of the total quantity of rice exported from the near East, India is in a position to export 50 per cent. of that quantity and there is practically no competition. The other portion goes from Indo-China and Siam with the result that there is no competition in price and the export duties were condemned by the Fiscal Commission on the ground that it affected the producer and that it did not much benefit the foreign consumer. Here in this case I think this was a long-needed relief and I am glad the Government have reduced this taxation. I am very sorry that this has been accompanied by a reimposition of additional duties by way of income-tax on the profits of agricultural income, because what you have given with one hand you have taken away with the other. You give a relief of 50 lakhs and you get back 45 lakhs, which only gives a relief to the extent of Rs. 5 lakhs.

Sir, I do not wish to trouble the Council with the discussion of many further points, but I am very glad that in the matter of education a provision has been made to give relief to the capital city of Delhi as well as to

[Sir Maneckji Dadabhoy.] *

the Frontier Provinces, in the matter of an additional 300 schools, compulsory education and the extension and improvement of vernacular education which is commendable. I trust, when all the financial contributions are wiped off and the Finance Minister has large surpluses to spare, they will be given for the improvement of sanitation and for other nation-building works.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: *Jenab President Sahib: Mere dost Nawab Sahibzada Saiyid Muhammad Mehr Shah ne, jinhon ne Urdu men taqreer ki hai, apni taqreer ke doran men, aik do fauji amurat per behas ki hai Main un ko Urdu men jawab nahin dunga, kionkih mujhe malum hai, kih na siraf mere dost khub Angrezi samajh sakte hain, bulkih bahut achhi tarah se Angrezi men bol sakte hain*

Of the three points which I think my friend the Nawab Sahib made, the first was that a great many of the Indian soldiers to whom we have given grants of land on horse-breeding terms were not now receiving the consideration they should. I am not aware of what he then said, *viz.*, that our terms as regards men possessing horse-breeding grants are more onerous than they were. Those men who receive grants of land on horse-breeding terms take them up perfectly willingly and knowing what the conditions are, and we invariably do our best in the way of helping them in every way we can and by being most lenient to them. In certain cases we find men who do not produce good mares and do not look after their property. In such cases they are invariably warned, not once but several times by the remount officers, and it is only in very exceptional circumstances that the step is taken of depriving a man of land which he does not keep up and look after. That the terms are not onerous is, I think, proved by the fact that, if there is any hint that a man is likely to be deprived of his grant, we get applications from 50 to 100 others ready to take up the land. I think, therefore, that my friend will agree that we are not hard on our horse-breeders. We do our utmost to encourage them. If the Nawab Sahib can bring forward any case in which individuals have received hard treatment from remount officers and will bring them to my notice, I shall be very glad to look into them. Another point he made was in connection with the enlistment of the Saiyads, that is those who come from a part of the country that he comes from on the right bank of the Jhelum river. As he and other Members are aware, we have had to reduce our army very considerably in recent years, and consequently the numbers of all classes have had to be reduced in proportion. There are many classes which formerly enlisted in the army and which have now disappeared altogether. Others again have a much smaller representation. The Saiyads, which my Honourable friend represents here, would apparently, according to him, like to receive specially favourable treatment. That cannot be, because to enlist more of them we should have to decrease the numbers which we enlist from other sections in the Punjab. There are the Tiwanas—I do not know what our friend on his right has to say to that,—the Gujars, Janjuas, Awans, the Rajput Muhammadans and others in that neighbourhood. This we could not possibly contemplate doing. I am unable to say straightaway what the number of Saiyads is in that part of the country, but I think I am right in saying that in the Punjab there must be something like 100,000 to 120,000 Saiyads. I also believe I am right in saying that there we have

1,000 of them, enlisted in the army. That I think is not a bad proportion for Saiyids, and we cannot give them a larger proportion than they have at present, though I can of course quite understand my Honourable friend advocating their cause.

The third point he made I think was as regards education. He complained that there are a large number of ex-soldiers now without employment in the country. I deeply regret that this is the case. It has had to be so owing to the reduction of the army. If my Honourable friend wants the army increased, I hope he will use his best efforts in trying to induce the other Members of this House, as well as Members of the Assembly, to accept his point of view, namely, that the army is too small and should be increased, in which case we can again take back a large number of men whom we have discharged. To educate those men from army funds is not practical; but as he is himself aware we have started a school at Jhelum for soldiers' children. Every squadron company and battery which has men of that class has the right of nominating boys to go to that school. That will also apply to discharged men, for we shall be glad to take the children of such men into our schools and do all we can for them. The Honourable Member is close to Jhelum. I do not know if he has paid a visit to our school there, but I should be very glad if he would do so. He will find it an excellent institution where a first class education is being given to the boys of soldiers.

Then my Honourable friend Mr. Mahmood Suhrawardy called my attention to the state of the barracks in which the Indian troops live. In years gone by the barracks of our British soldiers and certainly of our Indian soldiers left much to be desired; but I can assure my Honourable friend that we are now doing everything we can to improve our Indian lines and we have gone a very great way towards doing it. I was inspecting only last week the lines in course of construction not very far from here, at Bareilly; and if the Honourable Member would care to pay a visit to those lines I should be delighted to arrange it for him. I believe if he will go and see the lines we are now building he will not only be satisfied, but he will agree that they compare most favourably with the houses in which the men live in their villages. There they have got beautiful, big airy barracks, excellent *langar khana*s and washing arrangements, pipe water laid on everywhere. The Indian officers' quarters each has a zenana apartment and everything arranged for them. I could not hear any complaint either from the officers or the men about the quarters provided for them. As regards reconstruction and improvement of lines we are working on a definite programme. Year after year we are knocking down old lines and providing better ones. We are building in pucca style everywhere, and I say that our new lines do compare very favourably with the home quarters of the men who enlist in the army. I think my Honourable friend is possibly aware that I frequently visit Indian villages and see the homes from which our Indian soldiers come. I was glad to hear from him that, as years go on, conditions of life in the villages are improving, and that a higher standard is now demanded than was previously the case. This, I am sure, is true, but, at the same time, I think we would probably all acknowledge that this improved standard of the villages is very slow in coming. On the other hand, the increased standard at which we are aiming in the barracks of our Indian soldiers is coming at a very much more rapid rate. We realize that our men, especially after having seen the accommodation existing in other countries,

[H. E. the Commander-in-Chief.]

which those who saw service ex-India during the War were able to see, must certainly demand a higher standard. It is this we are aiming at, and, as I say, we are certainly outpacing the standard my friend mentions as being aimed at in Indian village life. I should be very glad if my Honourable friend will really pay a visit to any of these new lines; and if he can make any recommendation or give us any advice as regards further improvements we shall be very glad.

Then Seth Govind Das spoke about the general expenditure on the army. He wanted to know why we could not take expert advice and reduce our military expenditure to the figure recommended by the Inchcape Committee. Now I happened to mention that subject when speaking in the Assembly a day or two ago; and I did the same last year, when I gave particular prominence to the figure of 50 crores mentioned by the Inchcape Committee. Of course we can say that Lord Inchcape's Committee was an expert committee; but it was an expert financial committee; it was not, an expert military committee. I stated that Lord Inchcape's recommendation to reduce the Military Budget to the figure of Rs. 50 crores was a pious hope, a pious aspiration to reduce expenditure. There was no expert scientific advice with regard to it; there were no recommendations in regard to particulars or details as to how the retrenchment could be carried out. The expert in that particular subject then was my late friend, Lord Rawlinson. That distinguished officer there and then stated that in his opinion it was entirely impossible to reduce our army expenditure to that figure without efficiency suffering so greatly that the safety of India would be hazarded. He stated that definitely, and he further stated that he only accepted such reductions as he did because the finances of the Government of India were not then in a prosperous condition; and he definitely stated that he considered, when Government was in a position to increase military expenditure, they should do so if they wished India to be safe. I entirely agree with Lord Rawlinson's opinion in this matter.

I heard, I think, a remark also that our Army in India was kept up to the present level owing to our "political ambitions", the "political ambitions of the United Kingdom." The political ambitions of the United Kingdom, Sir, do not apply to this country. I can assure this House and I can assure the Honourable Member who made that remark, that there are nothing in the way of political ambitions behind us when we decide on the necessary military establishments. Since the War the expenditure is larger because everything is much higher in price; all our requirements are more costly now; military science is advancing day by day; our clothing, our rations, our lines, about which much has been said, are all more expensive; our numbers are very considerably smaller; and if my Honourable friend and other Members here have studied the papers, during the last week, as they probably will have, and seen the correspondence that has taken place between the Home Government and Russia, I think they will realise that we are not in a state of being able to sit down and disband our army. They must have realised that there is a potential danger behind the Bolshevik menace which it behoves us to keep in mind. Our armies are kept up for the defence of India. Look at what would happen to us if we relaxed our vigilance on the frontier; before we knew where we were we might be invaded by very large numbers of men.

We have got the North West Frontier always before us, and I may say we have to keep a strict watch on the North East Frontier also. We know what the Bolshevik propaganda is doing not only in Afghanistan but also in China. The time may come—God forbid that it comes soon—but the time may come, when the Bolshevik menace may come upon us. We have seen that the Bolsheviks never seem tired of their propaganda work; both in Afghanistan and in China they are carrying on an enormous amount of propaganda, and if we were deliberately to reduce our army in India, I have not the slightest hesitation in saying that India would suffer, and suffer in a way from which she might never recover. This expenditure on the army is a premium on our necessary insurance. I presume as intelligent people every one of us insures his life; surely it is far more necessary to insure our nation. Our lives may not be of great value to any one of us; and if we do not insure ourselves it is our own personal look-out. When, however, it comes to the safety of the country and the freedom of our people, we have to think of posterity and can afford to take no risks regarding our insurance. The premium we pay now is the very lowest we can possibly pay in justice to the interests involved. The wealth of the country is increasing daily; the prosperity of the country is increasing; and, that being the case, it is surely up to us to pay a higher premium if need be in order to protect the wealth and safety of India.

I shall leave to my Honourable friend, the Finance Member, the task of answering in more detail the figures which the Honourable Member quoted as regards our numbers now, in comparison with what they were previously. I think he complained that we had increased our expenditure while the Home Government had decreased theirs. That is not the case. I have not got the figures by me; but our figures have decreased in every way since the War. Sir, I will not keep the House longer; but I can most honestly assure them that we military people are tax-payers like everybody else; we are citizens of this Empire first and soldiers afterwards; and that we are simply doing our very best to safeguard the interests of India and of the people of India. We do not wish to spend money unnecessarily; we try to economise as much as possible wherever we can, and we do our utmost to see that our troops are well looked after. I am sorry to say that it very frequently does happen now that certain endeavours we would wish to make for the well-being and comfort of our soldiers have to be put aside because the budget estimates would not allow them. If we did all I could wish to see done for the well-being of our men, we would have to ask for very much larger budget estimates.

*THE HONOURABLE SRIJUT LOKENATH MUKHERJEE (West Bengal: Non-Muhammadan). Sir, happily for me the offering of congratulations to the Honourable the Finance Member has not been made a party question. Sir, before I discuss the Budget, I should like to congratulate the Honourable the Finance Member on his having been able to present before the country a prosperity budget for the fourth time. Sir, with the vagaries of the monsoon in India, it should be gratifying to Sir Basil Blackett to have been able to place before us surplus budgets year after year. My congratulations also go to the Honourable the Finance Secretary, who, the other day, gave a very lucid exposition of the financial stewardship of Sir Basil Blackett.

[Srijut Lokenath Mukherjee.]

Sir, in introducing the Budget for the coming year in the other House the Honourable the Finance Member seems to have congratulated himself on the fact of his being in a position to present a surplus budget for the fourth time. Sir, to my mind, continued surpluses are not a very encouraging feature according to the canons of public finance. It means *that the people are paying more than actual requirements. To obtain a surplus is entirely creditable for a Finance Member, but a surplus obtained without any reduction of the expenditure or of the burden on the taxpayer, especially when the prices have markedly fallen and the incomes of the people have decreased, does not and cannot denote a sound financial prosperity or a sound financial adjustment of the country. Sir, I submit that the surplus budget is the natural result of heavy taxation that has continued to be imposed as an inevitable consequence of the Great War, with only corresponding decrease in expenditure, which must have resulted from a marked reduction in prices. India reached its highest level in prices in 1918 when the index figure was 236, while to-day it is probably below 150. Again, Sir, according to the Honourable the Finance Member, the "taxes on income are now estimated to bring in 29 lakhs less than the budget estimate of 16.15 crores". Sir, my explanation for the fall in the receipts from income-tax as also from salt duty is that it is due to nothing but want of prosperity of the people of the country, as I consider an increase or decrease of the revenue from these two sources to be a fair, nay, a sure index of the prosperity or otherwise of the country.

Sir, my next submission is that this surplus is also a result of over-estimating of the expenditure and under-estimating of the revenue. Sir, this is a defect which was first pointed out by the late Mr. Gokhale, but I am sorry to say it has never been rectified.

Sir, that it was the sincere desire of the Honourable the Finance Member to do away, if possible, with the provincial contributions under the Meston Award is manifest from what the Honourable the Finance Member said when introducing the Budget this year. This is what he said :

"Ever since the reforms were inaugurated, the provincial contributions have been a millstone round the neck, both of the Central Government and of the Provincial Governments, poisoning their mutual relations and hampering their every action. Their quality even more than their amount, has strained the resources of the giver and the patience of the recipient. They have brought curses, not blessings, both to him who has given and to him who has taken."

To use his language, "the year 1927-28 sets India free from this incubus", for which the Honourable the Finance Member certainly deserves to be congratulated.

Last year the amount of surplus which was anticipated to be realised was 125 lakhs, but as the amount of surplus has actually come to be more than double the expected amount, the tax-payer can naturally and justifiably expect to get some relief. Everywhere in the civilised world, where the Government is responsive and responsible to the people, whenever there are any surpluses, it is utilised for no other purposes than for improving the social and moral well-being of the people and also for reducing those taxes which are pressing hardly, particularly on the poorer masses. Here, Sir, I submit, Sir Basil has been a failure. He has not been able to offer any relief to the real poor tax-payers.

THE HONOURABLE SIR BASIL BLACKETT: 5½ crores.

THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: Not directly. No doubt the *ad valorem* duty on motor cars and the import duty on tyres have been reduced to two-thirds and half respectively, but these reductions can never be considered a relief to the tax-payers, it being really meant for the European and richer sections of the country.

THE HONOURABLE SIR JOHN BELL: No.

THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: Except that it will help in popularising the use of motor cars there is hardly anything which can be said to its credit. Sir, truly speaking, it is the rich community and the foreign producer who will benefit by the reductions. Even the middle classes, not to speak of the poorer masses, can neither afford to buy motor cars nor do they deal in them. All the benefits, as I have said, will go to the rich.

Sir, next comes the reduction in the export duty on hides and on tea, which also does not afford any real relief to the poor tax-payers. Judged by all these facts, Sir, I again submit, Sir Basil has been a failure.

The only happy feature in the Budget, to my mind, Sir, is the provision of 29 lakhs for an educational programme and for other beneficial activities in places under the direct control of the Government of India.

Sir, let me now compare this figure with the additional expenditure that is likely to be incurred for military purposes. Only this year the actuals under this head are expected to exceed the estimates by 63 lakhs, *i.e.*, more than double of the previous figure. Out of a total estimated expenditure of 125.26 crores the military services claim as much as 52.94 crores, *i.e.*, about 45 per cent. Again, this figure is a stable recurring figure as the Honourable the Finance Member says.

“The present level of expenditure seems to be very nearly the minimum absolutely essential to maintain in a state of full efficiency an army of the strength at present authorised.”

It is therefore apparent, Sir, that no attempt has been made to reduce the standing army in India to the pre-war level. The Retrenchment Committee which was appointed only a few years ago by the present Government recommends still further reduction of the military expenditure. Their recommendation reads as follows:

“Should a further fall in prices take place, we consider that it may be possible, after a few years, to reduce the military budget to a sum not exceeding Rs. 50 crores, although the Commander-in-Chief does not subscribe to this opinion. Even this is more, in our opinion, than the tax-payer in India should be called upon to pay, and, though revenue may increase through a revival of trade, there would, we think, still be justification for not keeping a strict eye on military expenditure with a view to its further reduction.”

Sir, this recommendation comes from a committee appointed by the bureaucracy and the personnel of which was selected by them even in the teeth of the opposition of public opinion in India. Sir, even such a body recommended that the army expenditure should be brought down to Rs. 50 crores. They go further than this and say that this Rs. 50 crores is more than the tax-payers in India should be called upon to pay. Sir, in the face of all these facts, when the Honourable the Finance Member dares to make a statement like the one referred to, I think it is nothing but a broad hint given to India that, placed as she is under a foreign yoke, she must be kept under subjection at all costs by sheer brute force of armaments and the army. Sir, the vast standing army in India has always

[Srijut Lokenath Mukherjee.]

been used by Britain to fight her Imperial battles in all parts of the world. The Indian army has been increased to its present size by, what has been said, exploiting the bogey of Russian-Afghan invasions of India. Sir, it has cost India fabulously large sums of money for making her frontiers secure simply on the plea that the mountain passes on the frontiers serve as gateways to India and are the most vulnerable points through which have entered all the foreign conquerors of India. Of late the British Foreign Office has found out that a Royal Indian Navy might be of great help to Britain in protecting her interests in the Pacific and the Indian Oceans not to speak of the relief which will be given, by the by, to the British tax-payer. Sir, this reminds me of the views of the Goths and the Vandals, the Greeks and the Romans, the Russian Czars and the Australian Hapsburgs of the past. They in the zenith of their powers thought as much as the present bureaucracy in India is thinking, that with the huge army at their command ready for war against an un-armed and peaceful nation, the subject nation could be kept under subjection as long as the masters chose to do so. Sir, a Government based on righteousness can rule a nation of contented people, but a Government which deteriorates into autocracy imbued with love of power can never rule a nation of discontented people. I ask, Sir, is there any country in the world where the people are bled white for Imperial or foreign interests as is done here in India? Sir, had there been even a reasonable prospect of the British Government's relinquishing their sacred "trust" in India, the people would have gladly agreed to bear this heavy burden. But, Sir, we know that there is not the remotest chance. India, unlike Canada or other self-governing Dominions, is the pivot on which rests the foreign policy of Britain. Canada can refuse the demand for a navy or a huge standing army but India cannot. In the case of the former it will be a logical result of responsible government. And what is the case with us here in India? It has been truly said :

"It is the British Parliament which will decide whether we need a Navy or whether India should meet the present abnormal military expenditure."

I submit, Sir, that there cannot be anything more humiliating, more unnatural than the present arrangement. Sir, it goes deeper and saps the very foundation of national self-respect of any people in the world.

Sir, I cannot understand the disparity between the military expenditure of 1913-14 which was Rs. 29.70 crores and the military expenditure of 1927-28 estimated at about Rs. 55 crores. Sir, it is said that this huge standing army is even now maintained firstly to keep in readiness an army for protecting Imperial interests and secondly for killing in its infancy the political awakening in the country. Sir, so far as the first is concerned it has been amply proved by the despatch of Indian troops to guard the British interests in China. Sir, it has been truly said :

"To-day the name of India stinks in the nostrils of the nations of the world for having become, however unwillingly, the instrument of British Imperialism for the purpose of destroying the liberty of the people of China."

Sir, I would ask and even appeal to the Government to consider the matter very seriously and to find out ways and means by which the military expenses can at least be reduced to that high figure recommended by the Retrenchment Committee. I need only mention here that the once famous Brussels Conference recommended the allocation of only, if I remember aright, 20 per cent. of the revenue of a country for its military expenditure.

Against this military expenditure what do we find in the case of beneficial services like that of sanitation, agriculture, cheap posts and telegraphs and cheap communications? All these services have been criminally neglected. Are not the administrators ashamed of their conduct that even after 150 years of British rule compulsory education could not be established in India? Are not the Government ashamed to increase the postal rates instead of reducing them? Are not they ashamed to have a most obnoxious duty like that on salt? Sir, the worst feature of the Budget becomes manifest when we find that, though the income of the people has considerably fallen and prices have diminished so rapidly and when also the amount of additional taxation since the War is estimated at 40 to 49 crores, still no serious effort has been made to give relief to the poor taxpayers. Sir, we all feel that the machinery of the Government has become too inelastic and too rigid to be able to move with the needs of the hour. Impervious to public demand, the authorities are proceeding along their narrow groove and there is absolutely no indication that there is any inclination or desire on their part to adopt any progressive policy.

Sir, in coming to the question of the salt tax, I may say that it is the most obnoxious and iniquitous tax ever imposed on a people. It is the highest in the world and is equivalent to several days' average income. Sir, we are really surprised to hear not a single word from the Government as to the steps to be taken by Government in the direction of abolishing this most obnoxious tax.

Then Sir, in coming to the Posts and Telegraphs, we thought that the Honourable the Finance Member would come forward with a proposal at least for the reduction of the prices of postcards if not of envelopes. But nothing of the sort has been done. Sir, cheap postal communication was one of the greatest boons of the British administration in India. But even that boon has been taken away in the name of expediency for covering deficit budgets a few years hence. But what is most unfortunate is that once the tax is raised the Government never thinks of its reduction, even in normal times. Sir, there is another thing which I wish to observe here. It is known to every one that at least up to the current year the postal side is being run at a profit whereas the telegraph branch is running at a loss. But, Sir, Government, in order to keep the fact concealed, has brought out the Post and Telegraph Budget in a combined book showing the revenue and the expenses of the Post and Telegraph Department as a combined whole. Sir, I would request the Government henceforth to prepare separate volumes for the two sides of the Post and Telegraph Departments as they have done in the case of the Indo-European Telegraph Department.

Lastly, Sir, coming to the general administration we find the same bureaucratic tactics of repression in the name of law and order. What justification have the Government in curtailing the liberties of so many of our countrymen in the name of law and order without trying them in an open court of law? Sir, it violates an elementary principle not simply of British justice.

THE HONOURABLE SIR JOHN BELL: It has nothing to do with the Budget.

THE HONOURABLE SRIJIT LOKENATH MUKHERJEE: It has. It condemns a man unheard. And yet here in India under a Government which prides itself upon its civilisation and enlightenment we find a daily

perpetration of this scandal and offence. Further, Sir, in spite of the insistent demand of the public neither the repressive laws have been repealed nor the repressive policy of the Government abandoned. Sir, this repression will more and more embitter the feelings of the people and, in the words of Professor Sidgwick, will create that dangerous sympathy with criminals punished if the punishment inflicted is too severe. It is, exactly what is happening in India.

Then, Sir, coming to the question of Indianisation we find a sorry tale and the deliberate neglect of the question. Sir, by Indianisation, we do not mean that it should be from the bottom rank but from the top as well. Sir, I may ask the Honourable Member opposite how many Indians has he recruited in the Government of India as Secretaries, Joint Secretaries and so on? We find practically one Secretary and one or two Under Secretaries and one Deputy Secretary in the whole of the Government of India. Sir, on an average each Department has got four of these posts and there are nearly 13 or 14 Departments. How is it that only 3 or 4 Indians have up till now been recruited in these posts? Sir, it is an indirect slur on the Indian members of the Civil Service. It is a distrust of the Government of India of those officers. The object is to keep these posts a close preserve for our masters of the United Kingdom. Are we to believe that there are no Indians who would be equal in merit and intellect to any of our friends now occupying the Treasury Benches? In one word, Sir, even in the Government of India distrust of Indians and racial discrimination is rampant. Sir, I have already taken up a good deal of your time. Before I finish I shall say a few words on the question of the ratio.

THE HONOURABLE THE PRESIDENT: Order, order. I am sorry the Honourable Member should be the first to earn the reproach of taking advantage of the indulgence of the Chair in not fixing a time limit. In view of the fact that to-day is the only day allotted for this discussion, I think the Honourable Member will realize that he has already had more than his fair share of the time of the Council.

The Council then adjourned for Lunch till Fifteen Minutes to Three of the Clock.

The Council re-assembled after Lunch at Fifteen Minutes to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE THE PRESIDENT: Honourable Members have been informed that there will be a meeting for the disposal of Government business on Tuesday, the 8th of March, and that a group photograph of Members of the Council will be taken at 10-30 before that meeting. It has been represented to me that it might be more convenient if the business for Tuesday were taken up on Thursday, the 10th, instead of on the 8th, and therefore I am cancelling the meeting for Tuesday and the list of business issued for Tuesday will be understood by Honourable Members to be the list of business for Thursday; possibly an additional list will be issued. The photograph which was to have been at 10-30 A.M. on Tuesday will instead be at 10-30 A.M. on Thursday.

THE HONOURABLE SARDAR CHARANJIT SINGH (Punjab: Nominated Non-Official): Sir, I rise to join in the congratulations which have been offered to the Honourable the Finance Member. This is the fourth year

in succession that the Budget of the Government of India has shown a surplus. When one remembers the dark days followed by the salt tax and the agitation which it had aroused, one not only sees the futility of that agitation, but realises the truth of the saying that the darkest night is often the precursor of the brightest dawn. Who could have imagined four years ago, when one lean year had come on top of another and India's financial horizon was overcast with dark clouds, that within a short space of time this country was to enter upon a new era of prosperity? This happy change is in a large measure due to our Finance Member. Each Budget that Sir Basil Blackett has presented has shown his great genius and India owes him a deep debt of gratitude for the manner in which he has managed her finances and raised her credit. Under his able guidance, each year's expenditure has been met out of the annual revenues, such relief as was possible has been given, the Government of India have, since May 1923, avoided external borrowing and the next year's Budget promises to enable us to meet our requirements without having to raise a loan outside India. What is more, the prices at which the Government of India can borrow are satisfactory and the value of Indian securities in London and elsewhere conclusively establishes how high India's credit stands in the world.

To turn to next year's surplus it is as real a surplus as one can wish for. It has been brought about by definite improvements in the financial machinery and severe economies in the departments. In this connection we must not forget that our thanks are due to His Excellency the Commander-in-Chief also for the manner in which he has co-operated with the Finance Member.

The manner in which the Finance Member proposes to use this surplus leaves no room for doubt that he is using it in the way best calculated to benefit the Indian people directly. In remitting provincial contributions he is not only helping several provinces which are suffering from a deficit, but he is helping them as well as all other provinces as regards their nation-building departments. The importance of the Reforms is bound up with the successful working of the departments which are under popular control, and if the benefits of dyarchy have not been fully appreciated, it has been because of want of funds. Ministers have not been able to develop the nation-building departments in the manner in which they should have. With the relief the remission of provincial contributions would bring, they would be able to direct their attention to schemes with which are bound up the progress and development of the country. The economic as well as the political significance of this step cannot be exaggerated and I venture to hope that side by side with the progress of nation-building departments there would be a marked appreciation of the benefits of dyarchy and a corresponding discomfiture of those who have been condemning the Reforms as inadequate, unsatisfactory and disappointing. Under proper management, I have no doubt, the Transferred Departments will yet be able to prove before the Statutory Commission that the Reforms have been a success and that India is suited for a further constitutional advance, provided such an advance is based on a proper appreciation of her peculiar genius and her peculiar conditions.

Talking of remissions I must not forget that the removal of the duty on hides will prove of immense value to the industry in Southern India and that the reduction of the duty on the import of motor cars and

[Sardar Charanjit Singh.]

motor accessories would bring the use of this form of transport much nearer the travelling public. The solicitude the Finance Member has shown for the nation-building departments, Indian industry and the travelling public, entitles him to claim that the Budget would be a source of direct benefit to the Indian people. I may go further and say that the present Budget is not only a prosperity budget, but a peoples' budget.

And if it is the peoples' budget, may I ask what is to happen to the ratio on which the Budget is based. This is not the time to enter into the merits of the controversy which has been going on over the 16*d.* and the 18*d.* ratio, but two things are undeniable: A reduction in the existing rate of exchange will take away the remissions of provincial contributions and the other relief which is proposed. It will also lead to a great deal of dislocation all round for you cannot suddenly revert from the 18*d.* ratio, which has prevailed almost for the last three years, to the 16*d.* ratio. I venture to think that it would not be right to throw away all the good that this Budget offers and to run the risk of considerable financial dislocation by rejecting the Government's well considered proposal to continue the prevailing ratio.

THE HONOURABLE MR. RATANSI D. MORARJI (Bombay: Non-Muhammadan): Sir, let me at the outset congratulate the Honourable the Finance Member on the dexterity with which propaganda has been carried on in favour of the 18*d.* ratio. With the Railway Budget, which was presented in this House a few days ago, was circulated a note by the Financial Commissioner for Railways pointing out the advantages of the 18*d.* ratio and the disastrous consequences of fixing the rupee at 16*d.* On that occasion I observed that this House was not going to be threatened into acceptance of the ratio favoured by the Government by the creation of a bogey. Since then a flank attack has been made on the 16*d.* ratio by a remarkable series of deficits which have occurred in practically every one of the provincial budgets; and now we have been presented in this House with the General Budget which offers a bait to the provinces of Rs. 545 crores to enable them not only to balance their budgets but have appreciable surpluses for the forthcoming year. In concluding his speech yesterday in the other House, the Finance Member was candid enough to warn the House that by fixing the rupee at 16*d.* not only would the remission of provincial contributions be impossible, but the possibilities of reducing taxation would have to be put off for a year or two. He forgets, however, that this millstone round the necks of Provincial Governments is not really proposing to drop but merely to transfer to the necks of the masses of the country. It is perhaps natural that under the present system of Government, the Finance Member should think only of the Provincial Governments and not of the people. It is to my mind specially significant that although the Report of the Tariff Board appointed to consider the position of the cotton textile industry has been in the hands of the Government for some time, it has not chosen to publish it in time for action to be taken in the Finance Bill for the forthcoming year. It is impossible to say even now when the Report will be published; but it is obvious that the Government of India has no immediate intention of coming to the rescue of the greatest industry in this country. One cannot but feel that the withholding of the Report is not unconnected with the anxiety of the Finance Member to make out as strong a case as is possible for him to do in favour of the 18*d.* rupee.

3 P.M.

Turning next to the expenditure on the Army, there is no room for consolation that any effort, however small, is being made towards bringing down military expenditure to the maximum prescribed by the Inchcape Committee, namely Rs. 50 crores. It is being conveniently overlooked that the Committee pointed out that even this figure imposes too heavy a burden on the Indian tax-payer. We have seen in England a steady decrease in army expenditure since the War, the effects of which are perceptible even in the forecasts for the forthcoming year. But here we have the statement of the Finance Member that "only the sternest economy and the strictest vigilance can now prevent our Military Budget from showing a tendency to rise rather than to fall, and the present level of expenditure seems to be very nearly the minimum absolutely essential to maintain in a state of full efficiency an army of the strength at present authorised". As though this statement were not enough to raise our apprehensions that military expenditure may rise in the coming year, His Excellency the Commander-in-Chief told us this morning that the cuts imposed by the Inchcape Committee, and accepted by his predecessor, were of a temporary character, and the army would go back to its old level of expenditure as soon as possible. We are familiar with the Bolshevik menace which is always a convenient last resort when other arguments fail. But even if this were true, I would remind the Government that a crushing military expenditure leading to widespread poverty and ignorance creates a fruitful soil for the propagation of destructive doctrines. A contented nation rather than a bloated army is the best insurance against Bolshevism. Even without reducing the number of fighting troops, by the mere replacement of British by Indian troops, a great economy can be effected. In this connection I wish to draw attention to the exceedingly small amount proposed to be spent on the Territorial Forces during the forthcoming year, Rs. 20 lakhs as against Rs. 63 lakhs for the Auxiliary Forces. Apart from the disparity involved in the expenditure on these two Forces, I wish to point out that the Territorial Force is getting actually 6 lakhs less than it did in the current year. This is not economy in the right direction.

On page 28 of the Explanatory Memorandum supplied to us by the Financial Secretary, we have an extraordinary confession. It is admitted that the totals of the demands as presented by the Military authorities are in excess of the figure provisionally fixed by the Government of India for the Military Budget. It is impossible to think that this provisional figure was fixed without the full knowledge of His Excellency the Commander-in-Chief. It is also said that the excess did not become apparent until the preparation of the Budget had reached a stage when it was too late to make reductions under detailed heads. In consequence, His Excellency the Commander-in-Chief has accepted a lump cut of Rs. 40 lakhs, to which the Finance Department has added a like sum for probable under-spending. A system of budgeting under which a department is given more than it is likely to spend is unknown in any country except India. One is compelled to come to the conclusion that there has been an interference with the Military Budget for the forthcoming year from an outside source. Since the inauguration of the Reforms, from the Esher Committee downwards, repeated complaints have been made in this country against the unwarranted interference by the Secretary of State and the War Office in the administration of the Indian Army. Only a few days ago, a statement was made in the other House that even for the publication of the Skeen Committee's Report, sanction had not yet been accorded by the Secretary of State. It would be truer, and certainly more honest, to make a plain declaration that the

[Mr. R. D. Morarji.]

Army in India exists for Imperial purposes and its administration is entirely under the control of the War Office and not under the Government of India.

THE HONOURABLE SIR BASIL BLACKETT: May I interrupt, Sir, to say that the suggestion of any interference in this Army Budget from outside sources is as untrue as the last statement.

THE HONOURABLE MR. RATANSI D. MORARJI: Well, it is known to every one that for the publication of the Skeen Committee's Report you want the sanction of the Secretary of State: you cannot do it without sanction.

The Finance Member waxed eloquent on the possibilities of 5.45 crores being converted into the promotion of human happiness, the prevention of disease and ignorance, the widening of the opportunities for a good life for many crores of the people of India. I may point out, as a commentary on this, that while the Medical Services of the Indian Army will cost India in the forthcoming year 144 lakhs, the Medical and Public Health Departments in Bombay will have only 78 lakhs during that period. In other words, the medical needs of the Indian Army will absorb nearly twice as much as the entire medical and sanitary requirements of the whole of the Bombay Presidency. To take another instance, while the Remount Depôts, Breeding Operations and the Veterinary Corps of the Indian Army will cost 32 lakhs, the amount at the disposal of the Bombay Government for agriculture is just over 28 lakhs. It is not necessary to multiply instances to show how the nation-building departments are being starved in order to keep the Indian Army on a war footing for Imperial purposes. If I understood the speech of His Excellency the Commander-in-Chief aright, he foreshadowed in his speech in the other House on Thursday the possibility of making the Indian Army more attractive to British youth. I do not know if it is to be inferred that this is the net result of the appointment of the Skeen Committee. The total expenditure on the Army in India is over 54 crores, while the total net expenditure of the Bombay Presidency for the forthcoming year is 14½ crores. In other words, the Indian Army takes every year practically 4 times the amount spent by the Bombay Presidency, taking both the Reserved and Transferred Departments into account.

The vision of the future to which the Finance Member made a reference in the introductory paragraph of his statement brings no joy to us. The Reforms when they were introduced in 1921, were robbed of whatever little possibility of development they contained by two factors: (1) the appointment of the Esher Committee which, in the name of the post-war reorganisation of the Army, increased our military expenditure by more than 200 per cent. over that of pre-war year, (2) the disastrous financial policy of the Government of India. Whatever may be the political concessions to be recommended by the Statutory Commission, of one thing we may be certain: our military expenditure is to increase. The Government of India is not the wiser for the financial muddles of the last 5 or 6 years, and one may add a new factor which was not present in 1921, the introduction of Imperial Preference as outlined in the Steel Protection Bill.

I cannot leave this subject without pointing out how hollow is the pretension that the result of the remission of provincial contributions in the

forthcoming year will be "a romance" of spending capacity in the hands of the Ministers in the provinces to the extent of 5.45 crores. Madras has a deficit of 70 lakhs, Bombay has a deficit of 50 lakhs and other provincial budgets show similar deficits. A great part of this remission must naturally go to balancing the budgets of the Provincial Governments. Of what little is left, the reserved half will take the lion's share. I doubt very much whether there would be any appreciable amount for the Ministers for "promoting the health and happiness of millions of the masses of India", as the Honourable the Finance Member puts it. Nothing can be more topsy turvy than the present financial arrangements; in paragraph 31 of the Budget speech, the Finance Member admits that it is the Provincial Governments "where expenditure is directly and obviously related to the advancement of the social well-being of the masses of the people"; and yet, when it comes to the question of allocating funds for this purpose, what do we find? The Secretary of State and the War Office in England first decide that over 54 crores of our money, of which we cannot touch even a single pice, is to be given to the Indian Army. Of the balance, the Government of India, which, according to the Finance Member himself in paragraph 14 of his speech, has transferred many of its important activities to Provincial Governments, takes the most remunerative sources of income. The result is that Ministers in the Provinces are given charge of subjects like Education, Medical Relief, Sanitation and Agriculture, with little money to expend in progressive schemes. And it is only this year that they are being offered freedom from provincial contribution in return for the far heavier price of an 18d. rupee!

THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI (East Bengal: Non-Muhammadian): Sir, so much praise has been lavished on the budget estimate for continued surplus that I feel called upon to point out some facts to which this is mainly due and to show how highly we are being taxed for it. The first and foremost among the causes are the high import duties. As has been pointed out by the Taxation Enquiry Committee, except on arms and liquors and a small duty on petroleum, the import of goods in India was made free before 1894. In 1894 custom duties were reimposed on account of the fall in the sterling value of the rupee and continued at the low figure of 5 per cent. except in certain cases. Since the outbreak of war the general rate has been raised thrice within 1921, once from $5\frac{1}{2}$ to $7\frac{1}{2}$, again from $7\frac{1}{2}$ to 11 and then again from 11 to 15 per cent. with a large addition of higher rates in respect of more new goods. In 1921 the Indian Fiscal Commission was appointed and recommended a policy of discriminating protection and in accordance with the recommendations of that body the Tariff Board was set up according to whose reports further protective and heavy duties have been adopted in respect of steel, paper, matches and other articles. The import duty has on account of these enhancements within the last 11 years quadrupled in amount and, although the sterling value of the rupee has been higher so as to take away the main ground of enhancement advanced in 1894, the Government has not seen fit to make any reduction of taxes in any other respect whatsoever except the abolition of the most iniquitous cotton excise duty and the duty on sulphur, not to speak of any reduction of expenses. Our railway rates, the rates for postage and telegraph and the salt duty still continue higher than what they were before the war; the income-tax is gradually growing higher and higher.

[Mr. Kumar Sankar Roy Choudhuri.]

Whatever fluctuations have been made from time to time in the rates of these duties, "they tend," in the words of the Taxation Enquiry Committee (page 121), "to indicate a certain amount of shifting of the burden from the richer classes to the general population." The Committee accordingly recommended the reduction of duty on sugar and raising it on wine.

Without adopting any of these recommendations and without giving the Legislature any opportunity of dealing with the Report of that Committee and in spite of the above reflection cast on them, the Government is stealthily reducing the duty on motors in such a manner that even a gallant gentleman like Colonel Crawford had to observe in the other House that the duty might have been left as it was for motors for private use and the same feeling was echoed by even a Government Member from Madras; and this was done in spite of the fact that in the opinion of the Taxation Enquiry Committee import of motors has nearly recovered the level it attained in 1919-20.

Coming to the duty on tea, what the Taxation Enquiry Committee observed was that if there were no export duty the trade could be quite ready to bear an equivalent burden in the shape of State or local taxation provided they were assured that the money would be spent for the benefit of the locality. The Assam Government has already taken advantage of this suggestion and imposed an additional cess on tea lands, and the Government of India, in spite of this additional burden imposed on tea, now seeks not only to abolish the export duty on tea, but to impose a further burden on tea in the shape of additional income-tax. This change is sure to serve the interest of the British tea trade at the cost of the interests of the Indian consumer.

The surplus budget is also due to several windfalls during the last two years. One was derived from the enemy vessels and another due to the custom duty levied on railway materials, while a third was derived from the adjustment of war accounts with England.

By the manipulation of exchange also and artificially raising the value of the rupee the Government has of late been indirectly fleecing the people of a higher amount of taxes and this is apparent from the fact that on reversion to the 1s. 4d. ratio the Government will have, as they say, to ask for nearly 5 crores more to square up the Budget.

Another cause to which the surplus is due is the carelessness with which the Budget is prepared and the Honourable the Finance Member has been constrained to admit that "on the expenditure side nearly every head contributed to the improved net surplus".

Sir, the danger of preparing extravagant budgets is obvious and cannot but lead to extravagance. The word extravagance ought to be written large on the front-door of the Government Secretariat. The Military expenditure of the country, over which the people of the country have no control, has risen from 16 to 60 crores and yet the military authorities complain that it is hardly sufficient. No country in the world maintains such a huge army of foreign soldiers at such an extravagant cost, an army which is almost wholly officered by foreigners and in the artillery and air force and the engineering staff of which the Indians have no place except like the mules to draw the guns and carry the ammunition.

The Territorial and Auxiliary Forces Committee have submitted their report long ago, but it is still under the consideration of the Secretary of State; the Sandhurst Committee have submitted their report, but it has still not seen the light of day like a still-born child. The country has been insistent in her demand for military training so as to create a second line of defence and thus to reduce the size of the standing army; there is a paucity of recruits in England and yet the Government is not taking any steps to solve the problem of the extravagant military burden of India.

Even in the Railway and Telegraph Departments we find invidious distinction is being made between Indians and Anglo-Indians and the latter are being employed at an extravagant cost to the Indian exchequer.

In the Postal Department too we find rich countries like England do not employ whole-time men to run their smaller post offices, but in India they are kept on a whole-time basis at an extravagant cost to the country.

Sir, whenever we ask for a reduction of taxes the Government sets up the bogey of provincial contributions. Coming from Bengal, I cannot but call it by that name, for even the Finance Member of the Bengal Government has to complain that no expansion necessary to advance the general health and well-being of the province will be possible until her financial settlement is placed on a more satisfactory basis. Under the Meston Award the Government of India has grabbed all the productive sources of taxation leaving to the provinces sources which are bound gradually to dwindle and diminish, and, unless and until this vicious system is modified or changed, no amount of remission of the provincial contributions can be of any help to the provinces.

One more point, Sir, and I have finished. I want to draw the attention of this House to the attempt of the Government to curtail the power of the Legislature more and more by the transfer of voted items of expenditure to the non-voted side. No less than 16 lakhs of rupees have this year been transferred from the voted to the non-voted side of the Budget without giving this House any opportunity to discuss it.

THE HONOURABLE RAJA SIR RAMPAL SINGH (United Provinces Central: Non-Muhammadian). Sir, it is very gratifying to us that this is the fourth prosperity Budget in succession presented to the country by the Finance Department under the stewardship of the Honourable Sir Basil Blackett. It is a matter of common knowledge that before he assumed charge of the Department the finances of the Government of India were at a low ebb. Owing to several causes we had had to face deficit Budgets for a number of successive years. The credit of the country had gone down and it was in this deplorable condition that the Honourable Sir Basil Blackett was called upon to put matters right. Now, the credit of the Government of India has gone up and a bright future is before the country. It was perceived that nothing but retrenchment and economies could save the situation. The Inchcape Committee was appointed and on its recommendation and through his own initiative he succeeded in improving the finances of the Central Government so much so that in the coming year his scheme is to wipe off wholly the annual contributions or I may call them tributes which the Provinces have been paying to the Government of India under the Meston Award. No doubt partial relief was given to them in former years as the surpluses of the Government of India

[Raja Sir Rampal Singh.]

permitted, but it was destined to this year that the full relief is to be accorded. I am aware of the fact that the Provinces will not yet have what I may call perfect surety of relief from the burden because it has been granted under two headings—recurring and non-recurring. They will have to remain in suspense for 2,58 lakhs of rupees which is non-recurring remission. This is due to the caution which the Honourable the Finance Member always exercised in preparing and presenting his Budgets. There is nothing unnatural in it when we consider the magnitude of the Government of India's activities in the Financial Department. In fact we consider that too much caution is brought into play in the presentation of the Budgets as a comparison between the estimated and revised figures with actuals in former years will show. Being sanguine of getting brighter results than what the Budget reveals we may rest assured and confident that the non-recurring remission of contributions to the Provinces will become a recurring remission for good and ever and that they will be free to apply their full energies to the nation-building departments. Let us hope that the remissions which the Government of India have been pleased to give to the Provinces will be ear-marked for nation-building departments and that the reserved halves of the Provincial Governments will not apportion a share from them.

Sir, side by side with the extinction of the provincial contributions the Honourable the Finance Member has been able to propose reductions in the import duty on motor cars and tyres and the abolition of the export duty on hides and tea and of the stamp duty on cheques and bills of exchange. Motor vehicles have a great part to play in rural reconstruction and agricultural and industrial development of the country and the reduction of the import duty is certainly in the right direction. I have my own doubts as to the justification for the abolition of the export duty on hides and tea. The export duty on hides was imposed in order to stimulate the tanning industry and even if it had not been successful in gaining its object I see no reason why it should be abolished if for nothing else than for the sake of revenue only. As for tea you on one hand abolish the export duty but on the other impose a tax which will bring in a revenue of about 5 lakhs less than what you were obtaining from the export duty. The change does not appeal to me at all. Sir, with all the economies and retrenchments that have been effected, the expenditure has not been brought down to the level suitable to India's economic conditions. It is still too high necessitating the continuance of the burden of high taxation which tells upon the poor and the rich alike in depriving the former of some of the bare necessities of life and the latter from extending their activities in the industrial and agricultural development of the country. From what I learn from the newspapers it appears to me that western countries, which had to bear the brunt of the Great War which necessitated the imposition of heavy taxation, have now afforded relief to their people to a great extent. It is unfortunate that India still labours under the legacy left by the War in taxation as well as in her expenditure.

Sir, the Benares Hindu University and the Aligarh Muslim University are the two national institutions in my Province and both of them cater to the educational wants of the whole of India. The latter University gets some financial assistance from the Provincial Government because when it was only a College the Local Government was supporting it, but the former institution is getting only a nominal financial support. The Provincial Government is not inclined to give them any more financial

assistance than what is required to the extent to which they serve the Provinces. Both the Universities have an all-India importance and are starving. It is the duty of the Central Government to help them financially in their respective needs. Sufficient provision ought to have been made for their financial assistance and I hope the Honourable the Finance Member will see his way to extend his sympathy to these two Universities as he has done to the Provinces under the direct charge of Government of India.

Sir, it is difficult for a layman ignorant of the most complicated question of exchange not to get prejudiced in favour of 1s. 6d. on reading the Budget. Who would like to deny the advantages which the budget proposes to confer on the Provinces if the rupee is stabilised at 1s. 6d., but there is a big volume of expert opinion on the other side which considers that the Government has only sugar-coated the bitter pill and has thrown a bait to the provincial representatives to go to their side. I do not desire to commit my vote to one ratio or the other until I have heard the arguments of both sides on this interesting but very complex and complicated question that at present baffles my understanding.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, it is a matter of gratification that it has been the pleasure of the Honourable the Finance Member to give us surplus Budgets beginning from 1923-24. This is the fourth year in which the finances of the country have shown a realised surplus. As a matter of fact these surpluses were considerably larger than shown in each of these four years, but were diverted from their legitimate function of remission of taxation to the reduction of debt. Our annual provision for debt resumption has been relatively on a larger scale than that adopted in any other country I know. In England against a total outstanding debt of £7,700 millions the amount provided for debt redemption is only £50 millions a year. This works out to less than $\frac{2}{3}$ of one per cent. although the major part of England's debt is unproductive. In contrast with this, our provision of Rs. 5 crores, which is equivalent to 2½ per cent., or four times the provision that England makes, on an unproductive debt of Rs. 202 crores as on 31st March, 1927, is clearly excessive. Besides this, adventitious receipts in any year have also gone towards the redemption of debt account. The amount of these windfalls has roughly been 6 crores in these four years. So, our revenues have contributed a substantial sum of 23½ crores in four years towards debt redemption. The Government contends that if we revert to 1s. 4d. the burden of the sterling debt of India will be increased by Rs. 56 crores. The table attached to paragraph 20 of the Finance Member's speech refers to this. This is misleading because the sterling debt has to be paid in gold whatever the ratio and will represent the same amount of Indian goods and services. The number of rupees required for this purpose is not a relevant factor at all. On the other hand I wish to point out that at 1s. 6d. the burden on the tax-payer of the rupee debt of the Government of India will be increased in terms of gold or goods and services. The total rupee debt on the 31st March, 1927, is given at Rs. 523 crores. This, in terms of gold at the pre-war ratio of 7·53 grains of gold to the rupee, would be equal to (523 crores by 7·53 grains of gold) 5938·19 crores of grains of gold. If the rupee is stabilised at 1s. 6d. this debt would be equal to (523 crores × 8·47 grains of gold) 4429·81 crores of grains of gold, a difference of 491·62 crores of grains of gold equivalent to 4·8 crores of sovereigns, there being the increase in the rupee debt of

[Lala Ram Saran Das.]

the Government of India in terms of gold. A corresponding annual increase in the burden of interest in terms of gold has been imposed on the tax-payer and will continue with 1s. 6d. until the loans are repaid. These facts should be considered an irrefutable argument against the appreciation of the value of the rupee. I view with grave apprehension the question of maintaining the ratio of 1s. 6d. Since the 1st April last, this has been maintained only at the expense of India's gold resources in the Paper Currency Reserve to the extent of £23 million sterling. Besides the corresponding deflation of currency against this depletion in India's gold resources, Rs. 7½ crores were deleted against reduction in rupee securities in the Paper Currency Reserve. During the last few weeks the Government of India found it necessary to refuse the issue of emergency currency and compelled the raising of the bank rate to 7 per cent. as a further effort to maintain the 18d. ratio. In spite of all this the exchange rate continues to rule under 1s. 6d. and quotations two months ahead have been very close to 1s. 5½d., the lower gold point of 1s. 6d. Unless something very unforeseen should happen I fail to see how the Government of India can maintain the 1s. 6d. ratio without further dissipation of India's gold resources. The balance of gold resources left is limited and should not be further risked. Any sale of silver being out of the question, the Government ought not to be driven to the expedient of borrowing in London to maintain the 1s. 6d. ratio, which policy I strongly oppose. This danger is avoidable and must be avoided. The one note underlying the Budget not only of the Central Government but of most of the Provincial Governments that I have seen is trade depression. The gross receipts of our railways reflect this unmistakably. Even in Delhi and Amritsar you hardly come across any merchant who is happy. This is the fourth normal monsoon for the whole of India, although in the north the rains have failed us, which has resulted in the crops, particularly cotton, being reduced by 33 to 40 per cent. Prices have gone down by 50 per cent. The question that strikes a merchant like me is, why is there this depression. I cannot help feeling that this depression is due to the adjustment which Government is trying to force on us of the 1s. 6d. ratio, which it is most difficult to force thus. I am not an economist and am unable to judge to what extent the higher ratio has yet been adjusted, but I fail to see why Government is thus forcing on an unwilling public an appreciated rupee which has no parallel in any country in the world. The Indian commercial community fail to understand why this promotion is being given to their currency, and as the effect of it is all this depression in trade and industry, why should the Government insist upon it? Sir, yesterday I heard in the other place the valued opinion of the Right Honourable Mr. McKenna, Chairman of the Midland Bank, to the effect that an inadequate expansion of currency in a country brings about heavy trade depression. Since the 1st April last, the Government of India have deflated more than Rs. 30 crores of currency. Mr. Kisch of the India Office has said in his evidence before the Royal Commission that the normal expansion of currency required for India before the War was 20 crores of rupees per year. This year what has happened, therefore, is that you have not only not expanded our currency by Rs. 22 crores as per pre-war normal, but have actually deflated our currency by Rs. 30 crores which means a total deflation of currency of Rs. 50 crores. The result of such an action can easily be imagined, and I put it to the Honourable the Finance Member whether any country can help having trade depression under such management of her currency. I therefore appeal to

the Government of India to stop such a policy and to adopt the normal policy for India's currency. This necessitates a reversion to the 1s. 4d. ratio, and I am sure that the Government, who are looked upon as the *ma bap* of the Indian cultivator, will still see the advisability of adopting this course. We are led to believe that the Honourable the Finance Member has reduced the expenditure of India, while as a matter of fact he has immensely increased it. This deception as to the real amount of Indian expenditure has only been possible because while the layman thinks that the rupee is a coin like the sovereign or the dollar, it is something quite different. As Sir Basil Blackett has himself said over and over again, it is now not a real coin but only a currency note printed on silver, and just as a paper currency note does not represent the value of the paper on which it has been printed, this silver currency note does not represent the value of the strip of silver on which it is printed. Both notes represent the value attached to them by law. This silver note formerly represented 16d. worth of gold. Government has for the last two years made it to represent 18d. worth of gold. Against every 1,600d. worth of taxation they used to collect 100 of these silver notes. To-day they go on collecting the same number of silver notes and pretend that they have not increased taxation, while as a matter of fact they have collected 200d. extra in terms of gold. It is as if they collected 4 ten-rupee notes instead of 4 five-rupee notes and claimed that they had not increased taxation because they were still collecting only 4 notes. This kind of deception can only be avoided if we constantly bear in mind that the rupee is in its nature really a currency note printed on silver, and to understand amounts expressed in rupees we must first convert them into the amount of gold that this silver note (the rupee) represents.

I am thankful to the Government of India for reducing the duty on motor cars, but the country would have been much pleased if the duty on motor lorries and commercial vehicles had been altogether removed. Those vehicles help the development of our rural areas much more than motor cars. I expected that the Honourable the Finance Member would take off the excise duty on kerosene oil. Sir, kerosene oil is a commodity which is used even by the poorest classes, and the Government ought to have seen their way to reduce that duty. The duty on hides has been abolished. I do not know on what grounds the Government took that action. The Indian hides merchants themselves never wanted it, and the Government's taking the initiative does not seem to me to be at all justified. As regards the consumption of artificial ghee in India, I drew the attention of the Government last year to the increasing imports of vegetable compound or *Vanaspati ghee*. The quantity, as far as I could then gather, came to about four lakhs of railway maunds, and I suppose this year the quantity must have very greatly increased. In the Punjab, in particular, we find that it is very difficult to procure pure ghee. Even in ghee-producing centres the vegetable compounds have found their way, and even the zamindars have begun to mix them in the ghee. (*The Honourable Sir Maneckji Dadabhoy*: "You are sure to have that increased, with the rupee at 1s. 4d.") I do not agree. But, Sir, in this connection the Honourable Sir Muhammad Habibullah promised this House last year that he would get the analysis before this House and move Provincial Governments in the matter so that adulterated ghee may not be sold as pure ghee.

As regards income-tax, Sir, I wish to point out that owing to trade depression, the merchants have been very badly hit. I would therefore

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recommend to the Government that the losses of one year be adjusted in the accounts of the following year. The Government accounts are compiled up to the 31st March while the business men do not compile their accounts ending that date. I wish that in this matter the Government might be generous. We expected, Sir, that, like the tax on tea, the super-tax would be abolished. As far as my memory goes, the super-tax was imposed as a war measure, and as the war had ended, the super-tax ought to have been taken off. (*The Honourable Sir Basil Blackett*: "It will be raised with the rupee at 1s. 4d.")

As regards the Indianization of the Indian Army, I represented to His Excellency the Commander-in-Chief last year that he may be so kind as to throw open commissions in the Royal Engineers, the Royal Artillery, the Royal Air Force and the Armoured Car Section to Indians. As far as my information goes, no admissions into these forces have so far been made. I beg His Excellency the Commander-in-Chief to reconsider this important decision. As regards the adjustment of war claims and war accounts, we have not yet been told what has been the result of the mission of the Honourable Sir Bhupendra Nath Mitra to England. We have been waiting for an announcement since the last few years, but we cannot understand why this information is being withheld so long from this House.

It is a matter of pleasure to us that the Royal Agricultural Commission is doing useful work, and in that connection I would suggest that as the zamindars on an average do not have big holdings, Government ought to place steam ploughs, thrashers and other agricultural machinery at the disposal of Provincial Governments to enable them to hire them to the zamindars.

The Honourable Sir Maneckji, while on the question of export duty on rice which the Honourable Mr. Grav raised, has told the House that as India meets half the world requirements of rice, an export duty is necessary.

THE HONOURABLE SIR MANECKJI DADABHOY: I never said anything of the sort.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What did you say then?

THE HONOURABLE SIR MANECKJI DADABHOY: I am sorry if you cannot understand.

THE HONOURABLE THE PRESIDENT: Order, order.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: If I hold that principle I will be mistaken. On foreign shipping companies in India, Sir, the Income-tax Department does not assess income-tax on business done in India—why? To that I wish to draw the attention of the Government. With these remarks, Sir, I resume my seat, as I do not want to retread the ground covered by Honourable Members who have preceded me.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, two of my Honourable friends, Sir Arthur Froom and

Sir Maneckji Dadabhoy, have taken serious exception to a statement which I made to the Press that this Budget is a rich man's budget and not a poor man's budget. I am prepared, with a full sense of responsibility, as a Member of the Central Legislature, to repeat that statement to this House and I shall not travel beyond that one point in my speech to-night. I first wish to dispose of Sir Maneckji, because I can do so so easily. He has in the course of a very short speech indulged himself in a great many heresies regarding public finance. I agree with him in saying, that it is not the duty of the Finance Member to favour one section or one community in preference to another section or another community. Granted that that statement is correct, the rest of the whole of Sir Maneckji's speech is incorrect. If he says that the burden which was weighing down the riders of motor cars was so heavy as to require the attention of the Finance Member in preference to the burden which is placed upon the poor man by the imposition of the salt duty or the enhancement of the postal rates, I must take leave to differ from him with regard to his sense of social justice or with regard to his knowledge of public finance or even with regard to his acquaintance with the conditions of the people of this country. I shall leave him there. With regard to Sir Arthur Froom he has pointed out that this Budget does contain elements which go to establish that it is not a rich man's budget and I found that when my Honourable friend Mr. Mukherjee was speaking the Honourable the Finance Member interjected that there was relief to the extent of Rs. 5½ crores with regard to the burden on the poor man. I take it that he was referring mainly to the relaxation of the provincial contributions. Sir, I am here to acknowledge gratefully that the remission of these provincial contributions is a thing which will undoubtedly benefit the provinces. But that is not enough to substantiate the statement of the Finance Member that to that extent the Budget is a poor man's budget. Before I say how it is not going to benefit the poor, let me mention that this action in progressively relieving the provinces of the burden of the provincial contributions has not come with much grace or with much claim for gratitude. Each time the Finance Member has coupled this boon with an alternative of a very undesirable sort. The first year he linked it with the salt duty, the second year with the cotton excise and the third year with the ratio, and now he takes credit for having done something for the provinces, which ought to have been done long, long ago. I am bound to point out that at the time when the Meston Award was made, there was no intention that the Government of India should use provincial resources either to improve its financial reserves or to employ any portion of it in the reduction or avoidance of debt. It was only when the Central Government could not meet unavoidable expenditure that the provinces were to be taxed, and provincial contributions were to be depended on only when the Government of India was unable to balance its Budget under normal conditions. But it was not for the purpose of improving their financial resources or reducing their financial liabilities. Therefore it was a long-delayed measure of justice and grudgingly given in slow dribblets. My friend claims great credit for it, but I regret I am unable to give him this credit.

Then, are his provincial contributions going to really benefit the poor people of the provinces? There again I beg to express my great hesitancy in accepting that claim. In the first place these contributions have got to trickle down to the Ministers who are in charge of nation-building departments through a very impervious layer. I know from experience that very little of it trickles down, and the last time when it was given, I know

[Mr. V. Ramadas Pantulu.]

what use the Development Ministers made of it. By the time it goes to them the drops all dry up in the process of filtration.

I would also point out that as a result of the policy regarding the manipulation of exchange there was a great slump in the trade and it also resulted in deficit budgets in the provinces, and a good bit of the provincial contributions have to go to balance the budgets of the Provinces. Therefore the boon is a very illusory one. I assert that the provincial contributions have rarely helped the poor of the provinces and Sir Basil's claim is unsubstantiated for the present.

When I said that the Budget was a rich man's budget and not a poor man's budget, I meant this. We all know that a surplus budget is not necessarily a good budget; it is also not necessarily a bad budget either, but you must know how the surplus comes. It need not be a good budget, if the expenditure incurred by the Government of India is out of revenue got by excessive taxation. If the Government of India tax the people more than it ought to and makes a profit out of it, there is necessarily a surplus. Therefore all that is necessary on the part of the Finance Member is a little financial window dressing to show a surplus. The budgets of the Government of India when I have studied them disclosed nothing remarkable about them. They were ordinary routine documents in which they have under-estimated income and over-estimated expenditure so as to be able to show a surplus and to say that they have managed very well. I have not found any real inspiration in them. I am not looking, at it from the politician's point of view, but I am looking at it from the point of view of the ordinary man. Give it to any agriculturist and explain what it is, and he will ask you where is the evidence of the Government of India's anxiety to relieve the poor people of their burden, to improve their economic condition. Is there any money set apart for educational expansion, health programme, improvement of industries? Is there anything to show that Government are anxious that these should be improved? In the year 1927 our agriculturist is in a pre-historic state as he was centuries ago. What have the Government of India done for him? Where is the evidence that they are going to improve agricultural conditions? Have they spent any appreciable sum of money on irrigation works? Our tanks are as old as the hills. In some parts of my province the tanks are absolutely unfit for irrigation purposes, there is no water at all. And is there any evidence that the development branches of the Provincial Governments or the Government of India have been helped by the State?

THE HONOURABLE SIR BASIL BLACKETT: What about the provincial contributions?

THE HONOURABLE MR. V. RAMADAS PANTULU: I have dealt with that fully.

The Finance Member, who is in possession of the facts and figures, will tell this House how much of these contributions have been handed to the Minister of Development in each province. I know something of it, and it is an insignificant sum. I hope some day he will lay on the table of this House the exact amount that has been used by Development Ministers for nation-building purposes. Then he will convince us that these contributions have gone to help agriculture and industries.

Therefore, when I look at this Budget, I see that it bears absolutely no evidence of any anxiety on the part of the Government of India to tackle the question of the "poor man". The mentality of the Government of India can be illustrated by reference to a small item. It is a small item, but it shows how the mind of the Government of India works. In the Tariff Act you find one item which deals with duties on certain articles imported which are necessary for the use of the hand-spinning and hand-weaving industry. At one time the materials imported for this purpose had to pay a tariff duty of 15 per cent. as against $2\frac{1}{2}$ per cent. for the mill requisites. After a certain amount of agitation elsewhere that duty was also reduced to $2\frac{1}{2}$ per cent. Supposing the Government of India wants to improve cottage industries, (spinning and weaving is the most important one which will create a subsidiary occupation for the agriculturist who is economically at a low state of efficiency), it would go a long way to help the spinner and weaver if the Government of India abolished this duty. Perhaps they would lose not more than 10 lakhs of rupees on this head. Is there any desire on the part of the Government of India to give up this Rs. 10 lakhs? It would give a real impetus to this subsidiary industry of the agriculturist. Instead of that, they go and reduce the duty on motor cars. Is it really a burden which is pressing on the motor car dealers which is to be relieved in preference to the burden on the poor man who weaves and spins in order to make a few rupees? That is one illustration. If I had the time at my disposal, I could analyse the Tariff Act and show that there are various ways, if the Government of India were so minded, in which they could come to the rescue of the poor man. The fact of the matter is that in the Budget and in previous Budgets, and I suppose it will be the case in succeeding Budgets for some time to come, the whole position of the Indian tax-payer is judged only from the standpoint of the capitalist and of the Government of India. The raw materials of India require protection. Is there any trace of that protection? On the other hand we are told that the removal of the export duty on hides is a particularly gracious act on the part of the Government of India. The hide industry is an industry of Southern India, of the province I come from, and I can say, Indian opinion there is against its removal, because it is against the interests of a large class of people, engaged in the tanning industry. The protective duty has helped these poor men there and Madras opinion is against its removal. There is no use multiplying illustrations, the whole Budget is conceived to help the rich and not the poor. When I read the Budget, the first thing that struck me was that the requests made by the Associated European Chambers of Commerce were more or less considered favourably, while the requests by the Indian community made at the recent Calcutta Commercial Congress have been completely ignored. When one reads the Budget and analyses it, what one finds is this. We export raw materials from this country and import manufactured articles. That is so far as commodities are concerned. My friend was speaking about services. In regard to services we import raw material in men into this country, train them here, and export them back as experts. Therefore we import raw men and export them as trained finished products, so that their knowledge and their ability may be used by other countries; while, in regard to commodities, we export raw materials also to benefit other countries and bring back finished articles from those countries. That simply put is the *topsy turvy* policy of the Government of India.

4 P.M.

[Mr. V. Ramadas Pantulu.]

Sir, there is another reason why I say it is not "a poor man's budget" but a rich man's budget. It is impossible to believe that there is no means of retrenching expenditure. Unless you retrench expenditure you cannot really give any relief by way of reducing taxation; and His Excellency the Commander-in-Chief has told us that it is impossible to reduce military expenditure, while the Honourable the Finance Member in another place has used irreverent language towards the recommendations of the Retrenchment Committee. But the people of India are still unconvinced that retrenchment is not possible. The biggest slice is taken away by the military. In regard to military expenditure even if it is true that it cannot be reduced, may I ask, in all humility, why Britain, which derives large benefits from it, should not bear a decent proportion of the military expenditure. India has done a great deal for Britain also. We were told on another occasion that Britain had done a great deal for India; but has not India also done a great deal for Britain? If you examine the records you will find how the dead weight debt has been incurred by India owing to the wars in which she has had to engage in the days of the East India Company—wars with China in regard to opium and those in regard to a forward Frontier policy and so on—wars by which we subjected India to Britain. And these debts the Indian tax-payer has been paying for 40 years—£630,000 every year and in 1874 a sum of 4½ millions sterling was borrowed in order to wipe out the obligations the Government of India was under to the East India Company. Therefore what a large amount of liability has been incurred by India for these purposes! Has not the Government of Great Britain to be grateful to India, and should she not now shoulder a portion of this military expenditure? The military expenditure according to the present Budget is about £40 million; while countries like Germany, Italy and Japan, are content with an expenditure of £24 million and if you take the Colonies, Australia's expenditure is £7 million, Canada's £2 million, and South Africa's only £1 million. And yet you tell us that £40 million, India's military expenditure, is a rock-bottom level which we have reached and which cannot be reduced, that we must go on incurring this infamous expenditure and nothing can be done for the Indian tax-payer.

One word more, Sir, and I have done. The Finance Member has referred to the romance that lies behind the 5·45 crores. One Honourable Member of this House has already alluded to it. I would also like to ask the Finance Member to look at the romance that lies behind the 1s. 6d. ratio. I will give him that romance in two scenes. That romance is enacted in two scenes. First Scene. Enter the Indian debtor, the Indian producer and the Indian tax-payer. The Indian debtor says "My 800 crores of debt has gone up to 900 crores" and he weeps. The Indian producer laments, "The prices of articles produced by me have been cut down by 12½ per cent."; and the Indian tax-payer bemoans, "The Government of India takes 12½ per cent. more of taxes by means of this 1s. 6d. device". Exit all those three people weeping. Second Scene. Enter 3 other persons. They are the foreign creditor, the foreign purchaser and the Finance Member of the Government of India. The foreign purchaser says "I am jolly glad. I filch the Indian producer by 12½ per cent. of his due, because I pay Rs. 13½ instead of Rs. 15 for goods of the value of one pound." He laughs. The foreign creditor says "By mere manipulation of the exchange I have got 900 instead of

800 crores. What good luck for me to get these extra 100 crores by the grace of the Finance Member". He rejoices. Then comes the Government of India, embodied in the Finance Member sitting there. He enjoys the situation most, "Look at my good business. I do not tax the people of India visibly. I do it invisibly. I can by this means get 12½ per cent. more revenue. I have also helped my two companions". Exit all three hastily laughing. Thus, you have one set of people weeping over their tale of woe; and another set of people laughing and rejoicing over their good fortune. That is the romance. Whether it is a comedy or a tragedy I leave it to Sir Basil to say; but let him visualise the romance which lies behind his 1s. 6d. ratio. I therefore ask Members of this House not to be misled by the propaganda of the Finance Member. The agriculturist and the landholder who are represented fully in this House should know that they stand to lose by it. Therefore, I earnestly appeal to them to keep their minds open and vote upon this question in the best interests of the millions of people of this country. With these words, I repeat once more that I do not consider the Budget is a poor man's Budget; it is essentially one of a rich man whom the Government of India favours.

THE HONOURABLE SIR DINSHAW EDULJI WACHA (Bombay: Nominated Non-Official): Sir, we are an infant democracy, six years old; and it is but natural to expect that in an infant democracy of this character we should have a variety of criticisms; and of this variety of criticisms that we have heard in this Chamber to-day, from morn till now, there has been mature criticism and immature criticism, ignorant criticism and semi-ignorant criticism, ill-informed criticism and well-informed criticism. Being an infant democracy we may allow all these critics, wild and sober, innocent and sophisticated, sarcastic and cynical, to have their fling at the Government as much as they like. It will all pass off in an hour and we will all forget it. If, however, these criticisms were to be answered in the same serious spirit in which those gentlemen have spoken, then I think we should have to sit, not for one day, but for seven or eight days before we can finish the task. A variety of arguments altogether extraneous to our Budget have been introduced but which we have all heard with laudable patience. Then, of course, there are people who cannot get out of their mind this much agitated question of the ratio. It is obsessing them. They are like that old character in Dickens' novel who could never get King Charles' head out of his addled brain. Apparently Sir, with a majority of Honourable Members this mare's nest's ratio is on their brain, and everything else, however important, must be subordinated to it. I have no opinion on what is called the ratio of Indian Exchange. Indeed, whether there is a ratio or not is an unsolved problem. But never mind that mare's nest.

Next, Sir, there was a good deal of talk about the poor man's budget and the rich man's budget. I do not believe in either the one or the other. It is a budget only and a budget is not a miracle by whatever name you call it. Statesmen for the time being in charge of finance in any country present certain figures of revenue and expenditure and expound them in a certain way and declare "Here is the best statement we can present to you." From the days of Peel and Gladstone downwards there have been very many clever financiers, some of them exceedingly able financiers, who have earned a world-wide reputation and have made mistakes; mistakes are inevitable in

[Sir Dinshaw Wacha.]

human affairs. We all learn by experience and statesmen also, being after all human, like the rest of us, are liable to err. You may err, I may err and everybody may err; but nowadays I see that the temper of the majority of Central Legislature is very peculiar. They consider themselves infallibles. They only are right and everybody else is in the wrong! The poet Pope in his essay on criticism says "our judgments are like watches—no two go alike, but each believes in his own." That is really the case with the majority in the Central Legislature. Each one believes that he only is right and all the rest wrong! I have my own views on this feature in the two Houses. I dare say, they will laugh at me or look upon my views with scorn; I do not mind them as I have a broad back. Sir, being an infant democracy, we may tolerate such aberrations. But, in truth, we have to learn and unlearn many things, and in the process of learning and unlearning many things we must expect a lot of criticism in this House of the character I have referred to.

Now, Sir, coming to the Budget itself, I said last year when the Budget was introduced that that Budget was an epoch-making one. I am not going to use that adjective unnecessarily again; we say epoch-making in the ordinary sense, that whenever there is a new thing, a thing that people have not been accustomed to for perhaps fifty years or more and when such a thing happens we say, "Now we are entering upon a new epoch." Therefore, Sir, I do say this, and I say it with emphasis, that the Budget presented this year by the Finance Minister is an epoch-making Budget and for these reasons: he has introduced an entirely new system of finance. I have been, Sir, a very modest student of Indian finance for the last fifty years—when perhaps most of my friends here were not born. I do not pretend to be a financial "expert", but I say this that having read and studied many of the financial statements—I was not much impressed by them—they were more or less humdrum statements of superior book-keepers. But to be a superior book-keeper is one thing and to be a talented financier is another thing altogether.

What I say is this, that India is fortunate in having at this moment a person of the talent, I may say almost genius, of Sir Basil Blackett, who has looked very far into the future with a sagacity that excites our admiration. He has put Indian finance on an entirely new and broad footing, on a footing of soundness whereby the future prosperity of India will be assured. You will not believe me to-day,—I may be dying to-morrow,—I may not be here, I am 83 years of age,—but a day will come when all of you will say that Sir Basil Blackett has deserved well of India. (Applause.) Well, what has he done in framing the present Budget? Refer to the old budget statements of the last few years before he assumed charge of the Department and compare those with the one presented to us this year. You will see that in future external capital will be imported as little as possible. They have always been crying that India is burdened with an intolerable cost for exchange. Well, Sir Basil Blackett is doing everything he can for the good of this country by diminishing the burden of exchange which India has to pay for its sterling remittances annually. Why should he be accused for this laudable effort on his part? Why say that he has presented a rich man's budget and not a poor man's budget? It is all nonsense. (Laughter.) I repeat, it is all nonsense, the kind of reproach hurled at the Finance Member. He is also trying

to diminish the import of external capital in sterling. He is trying to see that India uses her own capital, and he is trying to put Indian finances on a sound footing whereby the burden of exchange may be considerably diminished and at the same time avoid debt, besides diminishing interest charges on old Rupee debt to induce greater prosperity and enable it to accumulate more capital in the country. All that capital will be utilised in the country itself for its own good. Why then accuse him of doing this and doing that? All that he is doing will go to enrich the country immensely. He is making an effort with a double object. He is trying to diminish the burden of the present annual sterling exchange and at the same time he is trying to diminish Indian unproductive debt. In fact, he has already diminished that debt to a certain extent, as any one who goes through the Financial statement can learn for himself. What more could he do in these directions so beneficial to India? We cannot of course jump at once and achieve all in a trice specially reducing our debts all at once. It is only a financier of the character and talents of Sir Basil Blackett who can succeed in making a beginning for the permanent benefit of India. By saying so I do not flatter him—I say it all from the bottom of my heart, and I am sincere in all that I say—that were it not for Sir Basil Blackett, the Niagara of deficits of 99 crores which we had had a few years ago would never have disappeared: and we would never have been able to see those surplus budgets which we are having to-day. The old decrepit state of affairs would have continued and Indian credit would never have risen so high as it is to-day. Therefore I say that we are all grateful, and India is grateful, to Lord Reading in the first place, because it was he who chose Sir Basil Blackett as our Finance Member. Lord Reading himself told me so. He secured the very best financial talent available to India for India's own good, no matter what evnics or satirists might say to the contrary. There is no reason to criticise in such a hostile and carping spirit what Sir Basil has done and is doing for India. They are talking nonsense. It is all a Sahara of words, words here, there and everywhere—words to be forgotten to-morrow. But what Sir Basil Blackett is doing to-day will never be forgotten, and I do repeat, Sir, that he will be remembered as having deserved well of the country. Looking at everything from the broadest point of view I should say he is very far-sighted, and to be greatly praised for making all possible efforts to place once for all Indian finances on such a sound and scientific basis that his successors will hardly have to change anything: they will merely have to carry on the routine work on the lines he has laid down. Sir Basil Blackett can truly be called the founder of the new system of beneficent Indian finance, and he is certainly to be congratulated on the success he has achieved. We are all grateful to him for it, and I am really sorry that not only in this House but in the other House all sorts of inanities are talked about him which must be strongly condemned. Lastly, I do say, Sir, this. They say that 1s. 6d. is going to ruin the country. I say it is *not* going to ruin the country. I am quite certain of that, and it is 1s. 4d. that will ruin the country. Let my colleagues of this Council bear my words firmly in mind. Sir, I am an old man, I cannot talk much, I feel quite exhausted, and resume my seat.

THE HONOURABLE SIR BASIL BLACKETT (Finance Member): Sir, this seems to me an appropriate moment for me to intervene after the whole-hearted congratulations and over-praise which my old friend, Sir Dinshaw

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Wacha, has showered upon me. I am indeed grateful to him because, in addition to the kind words that he has said, he has saved me the trouble of dealing fully with some of the speeches which we have heard to-day. I propose to take his advice with regard to what I may call the common form speeches and not take them too seriously. I will not repeat the exact description which he gave of them, because that might cause offence. I did hope, however, when coming to this House that I should not hear quite so many of those common form speeches. I think it was Mr. Ratanji Morarji who went furthest in that manner. He started by congratulating the Government on their propaganda work in favour of 1s. 6d. Other people have done propaganda work. I do not propose to comment on it or to congratulate them on it. I will now quote Mr. Ratanji Morarji. He spoke of the "disastrous financial policy of the Government of India", "the financial muddles of the last five years." "Nothing" he said, "can be more topsyturvy than the Government's financial policy in the last few years". If I were to use the word "topsyturvy" I would use it in regard to what some Honourable Members in this House have said about budgeting for a surplus. I have been told by the Honourable Mr. Pantulu that the Government have no right to take these surpluses to the reduction of debt, because the provincial contributions contributed towards them. Sir, in the years 1921-22 and 1922-23 there were deficits of 43½ crores in spite of provincial contributions. The whole of the provincial contributions since that date have not been sufficient to meet those deficits. In these circumstances I think that the suggestion of my friend that when we have turned the corner and begun to have surpluses we have no right to use any part of the Provincial Governments' contributions towards debt redemption only needs to be stated to be seen to be a very wild statement. I must say I was grateful after all this to Mr. Pantulu for the admission—somewhat grudging admission—that a surplus budget is not necessarily a bad budget. If a surplus budget is not necessarily a bad budget, I suppose he means that a deficit budget is probably a good budget

THE HONOURABLE MR. RAMADAS PANTULU: May be with the 1s. 4d. ratio.

THE HONOURABLE SIR BASIL BLACKETT: At 1s. 4d. of course. The advocates of 1s. 4d. would naturally like to proceed down and say that a 1s. 2d. budget and then a 1s. one and so on will result in a happy series of deficit budgets. I do wish to make a protest seriously against this sort of statement. Mr. Seth Govind Das talked about large deficits as financial bogeys. Sir, he suggested that if the finances of India were in the hands of capable Indians and not of hopelessly incapable non-Indians, then there would be no nonsense about surpluses, Government would have nice deficits and everybody would be happy. He went on to say that he would proceed to reduce the whole of the provincial contributions, in fact he would not have exacted them, and at the same time he would have budgeted deficits—he would start on the basis of 1s. 4d. which would no doubt go even to 1d. in a short time and it would be difficult to maintain even that ratio. In general, he talked as if the only thing for any Finance Member to do was to spend far more money than he had got and do without taxation. It

would be a popular thing to do, but I confess that it has never occurred to me that I was paid by the Government of India for doing that.

I do not propose to answer those statements made by several Members to-day which were simply repetitions of what has been said in another place. Mr. Ram Saran Das, for example, repeated an argument about our debt as the result of 1s. 4d. which I answered fully yesterday. I do not know whether he observed that he was answered fully by Mr. Pantulu shortly afterwards when Mr. Pantulu entirely disagreed with his statement that it did not matter what was the rupee value of a given amount of sterling,—whether the exchange was 1s. 6d. or 1s. 4d. the effects would be the same. If he will square that with the other argument that the agriculturist is going to gain 12½ per cent. in value by a change in the ratio, he will square the circle.

Another argument, however, which has been somewhat in evidence to-day is the argument that though in appearance our expenditure has gone down in the last few years, in fact in terms of gold, in terms of commodities, it has not gone down. It is very dangerous to make comparisons simply between the figures given in the statements of the Government of India of the expenditure in one year and in another without going a little behind those figures and seeing what they represent. In another place I pointed out that the figures represent neither our gross nor our net expenditure. They are mixed up with our railway receipts and they are not entirely illuminating. I have attempted during the course of to-day to work out a true comparison between our expenditure in 1923-24 and to-day. I find that if we exclude Railways and Posts and Telegraphs, namely, the commercial departments, and exclude our provision for debt redemption, the expenditure of 1927-28 on the basis of 1914 prices is about Rs. 90½ crores. The expenditure of 1923-24 on the basis of 1914 prices was just about Rs. 60 crores, that is to say, our expenditure in 1927-28 on the basis of 1914 prices is something under a crore more than it was in 1923-24. That is a great deal more than accounted for by the fact that the military expenditure of 1923-24 had the assistance of Rs. 3.79 crores of special receipts from sales of stores and things of that sort, whereas the figure in the current year is only Rs. 25 lakhs. When you consider that a considerable part of our expenditure is not subject to immediate control with reference to changing prices and that whereas undoubtedly some of our lower paid employees in 1923-24 had reason for dissatisfaction when they compared their real wages with those they were getting before the war—they are getting something better now in the nature of wages—I think it is very satisfactory to find that even on a commodity basis and in spite of the very considerable additions amounting to something like Rs. 2 crores—I have not got the exact figures—of new expenditure on beneficial services which have been included in 1927-28 and did not exist in 1923-24—well, I think it is very satisfactory to find that our expenditure on a commodity basis has gone down and not gone up. So much for that argument.

I should like now to turn to some of the detailed points that were raised in the course of the discussion. The Honourable Sir John Bell asked about the cost of the India House in London. The actual estimate for the expenditure on that building is about 35 lakhs. The whole facts are contained in a report of the Standing Finance Committee of another place which had that matter before it and has recommended to the Assembly the expenditure of that sum. I agree with him that it is important that care should be taken to see that there is not a very large excess over the estimate

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when the actual building takes place. I agree with him also that other explanations besides the failure of the Government of India have to be taken into consideration in explaining the reduction from 6 per cent. free of tax to something like $4\frac{1}{2}$ per cent. subject to tax in the rate at which the Government of India can borrow in India. Undoubtedly one of the reasons for the fall in the rate is increased confidence in the credit of the Government of India and absence of an increase confidence in the credit of industrial concerns. I hope, however, that one important effect of the reduction in the rate of interest obtainable on Indian Government securities will be to make the more adventurous among those who have capital to invest turn with a little more sympathy towards suggestions that they should lend their money for industrial purposes in India. As the rate of interest for gilt edged securities falls, there must be a tendency for investors to look for other investments and to be more willing to be adventurous in industrial directions. If, therefore, there comes to be an increase in the demands of industry for capital in India it will be, I think, in part due to the success of the Government of India in reducing the rate of interest that they have to pay on what they borrow. That will also, though I do not propose to deal with that subject to-day, be one of the consequences which I look for from the final stabilisation of our exchange at the only rate at which it can be stabilised at present. The Honourable Sir Ebrahim Jaffer voiced Bombay's objections to the Meston Settlement and he also complained that the Government had confronted the House and the country with a dilemma in the matter of the ratio and the provincial contributions. Other speakers said the same thing and Mr Pantulu said that we had done it for several years on end. It is a very unfortunate thing that you have to choose either to go to the left or to the right if you cannot go straight on. In this case, unless you go straight on, you cannot get the advantage of the provincial contributions as well as the ratio. If you insist that you must have both, then you will have to go to the left for one and to the right for the other. That is a physical fact of nature, and it is not right for you to say that the Government is putting you in a dilemma when it says that you must go to the right and to the left if you want both. It is really rather difficult I think to justify the accusation that the Government is facing the House with a dilemma when it says to them, "here are two incompatible things; you cannot both eat your cake and have it", and if the Government tells you so, the Government is not creating a dilemma for you. The thing to do is to want the right thing and then you will get both, namely, the right ratio and the provincial contributions. If you want one or the other, you can have it. It is no good complaining that you cannot have both or saying that the Government is placing you in a dilemma. That exists in the nature of the case. Just as last year or the year before the facts of the case were that you could not both reduce the salt tax and give an increased remission to the provinces, so this year it is perfectly obvious on the face of it that you cannot at one and the same time destroy the stability of the Budget and ask the Government of India to spare $5\frac{1}{2}$ crores of recurrent revenue for the purpose that we all have at heart.

I spoke only yesterday in another place about the unfairness of the charge that this Budget does nothing by way of reduction of taxation and that the Government have done nothing by way of reduction of taxation since the War. We have since 1923-24 reduced the salt-tax, the cotton excise duty and other minor taxes to the extent of over 6 crores, and we

have got rid of 9·83 crores of provincial contributions—a total reduction of our charge on the tax-payer of nearly 16 crores, between 15 and 16 crores. We are not charging the provincial tax-payer an anna in the Budget for 1926-27. We were charging them over 9 crores in the Budget for 1924-25. That is just as much a reduction of taxation from the point of view of the Central Government as would be a direct reduction of a charge on the central tax-payer such as the cotton excise duty, only it is obscured by the fact that all we do is to release to the provinces that amount of taxation at present collected and leave to them the decision whether they will continue to collect it and use it for the services that all the provinces are keen on subsidising and pushing forward or remit it to the tax-payer. But so far as the Central Government is concerned, we are in this Budget remitting taxation to the extent of 5½ crores, and we have in the last three years remitted taxation approaching a total of 16 crores. That really is not so bad for a Government so objectionable as we are or have been represented to be.

The Honourable Mr. Gray spoke about the export duty on rice. He argued that it was a charge on the producer in Burma. I venture, as I have ventured before, to differ with his economic doctrine in this matter. He pointed out that rice from Burma competes with rice exported from Indo-China and Siam. Now both in Indo-China and Siam there is a rice export duty either as high as or higher than the Indian rice export duty. So far therefore as its competitors are concerned, rice from Burma competes in the world's markets either on better terms or on as good terms as the rice which is exported from the countries with which it competes. Supposing the Government of India were to reduce or abolish the rice export duty, the result might be for the benefit of the producer in Burma provided that the Governments of Indo-China and Siam maintained their duties, but I think that they would be driven, almost inevitably, by the competition of Burma to reduce those duties if Burma reduced those duties. If so, the whole of the benefit will go directly to the consumer. I maintain that at present it is the consumer that pays the rice export duty, whether the rice comes from Burma or from Indo-China or from Siam; and that so long as the Indian export duty is not higher than the lowest export duty of Burma's competitors in this matter, the producer in Burma is not paying an anna. I am inclined to agree with Mr. Gray in disputing the likelihood of any gain to the Government of India in the produce of the rice export duty or the kerosene duty as a result of the reduction of the rupee from 1s. 6d. to 1s. 4d. This only goes to confirm the statement that I made in another place yesterday that the Memorandum issued by the Finance Department of the Government of India on the question of the effect of a 1s. 4d. Budget is a deliberate and intentional understatement of the probabilities of the case. I added, speaking in another place, that in my view the effect on the Budget of 1927-28 would be not less than 7½ crores and on the Budget of 1928-29 something approaching 10 crores.

Complaint has again been made that the Budget contains no proposals for reducing the charges for postcards and letters. It is perfectly clear that if the provincial contributions are to come first, we have no money this year for paying a subsidy for the reduction of postal rates. Whether such a subsidy is economical or desirable is a question which I need not go into to-day, because the prior point arises that we obviously have no money this year for affording a large reduction in our income, or rather an increase in our expenditure, as the result of the payment of a subsidy to the Postal and Telegraph Department. In fact the demand for reduced postal letter

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rates is really not a demand for reduction of taxation but a demand for increase of taxation by the central tax-payer in order to subsidise the user of postal facilities. I think it was Dr. Rama Rau who made the very interesting suggestion that, having still one crore of non-recurring surplus left in 1926-27, we should use it to effect a recurring reduction in the charge for postcards. That is another instance of the sort of finance that I was speaking of earlier to-day. Dr. Rama Rau also asked about the outstanding war claims. I regret that I am not in a position to make any statement in regard to the negotiations that have been proceeding with a view to the settlement of those claims, but I can assure Honourable Members that the matter has not been lost sight of, and I have every confidence that a settlement which may be regarded as satisfactory will be reached and announced at a fairly early date. Dr. Rama Rau wanted money for a herbarium. The only contribution towards that desideratum that I can offer in the current year's Budget is the abolition of the duty on rubber seeds and rubber stumps. 'Stamps' is a slip that has been made on more than one occasion, it has nothing to do with red tape or the other facilities of the Government Departments, but it is with a view to improving the rubber exports of the province of Burma that that reduction has been made. As regards the tea duty, there seems to be some tendency to look a gift horse in the mouth, which is not perhaps surprising as, although it is proposed to abolish the tea export duty, we propose to do it without cost to the tax-payer by increasing the charge for income-tax on the tea companies. That is a matter that will have to be dealt with in detail in connection with the Finance Bill, but I should like to point out that there is no proposal in the minds of the Government of India to tax agricultural profits. It is not connected with the very interesting question, which I do not touch to-day, whether agricultural profits should be subject to income-tax in India. What we propose to do is to tax nothing more than the non-agricultural profits. We are ourselves satisfied that 50 per cent is not an over-estimate of the non-agricultural profits and that we shall still be erring on the right side if we do not assess tea companies at higher than 50 per cent of their total profits. They will still as a matter of fact in our opinion, have a margin of profit which is really not agricultural. Where there is a market for green tea we propose to adopt not the arbitrary round figure of 50 per cent, but the exact amount of the non-agricultural profits as ascertained with reference to the local market price of green tea. If the tea companies and those interested in the growth of tea have reason to think that 50 per cent is an over-estimate of the non-agricultural profits the Government are always only too ready and anxious to listen to any representations they may desire to make in that respect and—I say it with a grain of salt—are open to conviction on the subject. My Honourable friend Raja Sir Rampal Singh spoke of the absence of provision for additional grants to the Aligarh and Benares Universities. A year ago, after very careful examination of both cases, the Government of India agreed to make certain special non-recurrent grants for the years 1926-27 and 1927-28 and certain small increases in the recurrent grants in both cases. It is clear that both those cases should come up again for consideration in the year 1928-29. If I shall not be accused of once again conducting a propaganda, I should like to point out to my friend, Raja Sir Rampal Singh, who was unwilling to commit himself on the ratio, that the prospects of these Universities will not be improved by the adoption of the 1s. 4d. ratio.

I think I have now dealt with most of the important points raised in the course of the discussion, except those concerning military expenditure which has been already dealt with by His Excellency the Commander-in-Chief. I should like to correct one statement which was made by at least one speaker in the course of the discussion that the total number of troops in India has not been reduced to the pre-war level. The exact figures that have been given to me are these:

Fighting Service, British troops, 1914	.	.	.	.	76,000
Ditto ditto 1927	.	.	.	.	58,000
Indian troops, 1914	.	.	.	.	154,000
Ditto 1927	.	.	.	.	139,000
Total 1914	.				230,000
Total 1927	.				197,000

It will be seen that a very considerable reduction has been made below the pre-war level. That, I think, was the main complaint that was made in regard to our military expenditure, though the complaint was also made that the expense of our defence force had increased out of proportion to the cost of living. There again the difficulty of making an exact comparison arises out of changes in the form of estimates and it is largely to the change in the form of the estimates that the provision for under-spending which was referred to by one speaker is due. That speaker gave voice to the suspicion that there had been some intervention from over the seas at a late stage in the preparation of our Budget. That suspicion had, as I said at the time no more justification than certain other statements that he was making, and the fact is simply that we have tried to simplify our military accounts this year, getting rid of a good many of the complications of the cost accounting system, a subject which was fully explained before the Public Accounts Committee last summer. The result of the change is that we have reduced our military receipts by over 2 crores, I think it is over 2 crores, of receipts. They were only receipts on paper and never existed in fact. That has made comparison between the actual expenditure of 1926-27 and 1925-26, and the estimated expenditure of 1927-28 somewhat difficult. I am prepared to agree with the view that such a large provision for under-spending is not desirable in any form of estimating. It does strain somewhat considerably the estimate if you have figures approaching 80 lakhs for probable under-spending. I hope it will not occur in another year. We are satisfied that it is a figure we are entirely justified in assuming for the purposes of arriving at a probable total of our military expenditure for the year that is coming. I should like to return in that connection to the question of our realised surpluses. They are, it is said, due to over-estimating our expenditure and under-estimating our revenue. Our gross revenue and expenditure figures come to something over 200 crores and I think that, if we arrive each year at an estimate which is no more than $1\frac{1}{2}$ per cent. out on the total we are really not doing badly. The reason for the realised surplus for the last few years has been a different one in each case. It was windfalls of various kinds in certain years. In the year 1926-27 it was due to a combination of sweetness and strength, that is to say, to the sugar duties and the steel protection duties. In the

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year 1927-28 we are providing for covering a difference between ordinary revenue and ordinary expenditure to the extent of very nearly two crores, by utilization of the realised surplus of the current year. We are therefore more than amply protected against any serious risks of under-estimating our revenue or over-estimating our expenditure in the year 1927-28, for even if we have under-estimated our surplus by two crores, we still arrive at the end of the year with nothing in hand but what we started with. But the matter is not so simple as that. In the last three or four years, year after year we have done our best to arrive at accurate estimates. We have reduced our estimates by the means for which we were attacked to-day of a provision for probable under-spending. We have deliberately taken a rosy view of the revenue from this or that quarter, yet at the end of the year we have always had a realised surplus. It only needs a very small turn of fortune's wheel to convert that realised surplus into a realised deficit of a corresponding amount, and I will end as I began by saying that, whatever I am paid to do in the Government of India, I am not paid to budget for deficits. (Applause.)

The Council then adjourned till Eleven of the Clock on Monday, the 7th of March, 1927.

APPENDIX.*

Translation of an Urdu Speech delivered by the Honourable Nawab Sahibzada Saiyed Mohamad Mehr Shah in the Council of State on the 5th March, 1927.

Mr. President, before I say anything in regard to the Budget of this year I would like to tender my congratulations to the Government, and to offer my applause to Sir Basil Blackett in particular, who has exerted his reputed learning and labour to bring about a surplus in the Budget: that the surplus amount will be employed to reduce the debt of India is a matter of further gratification. If this surplus continues to be a permanent feature of the Budget for some years to come, no doubt the prosperity of India is assured. Besides by remitting the Provincial contributions, the internal affairs of the Provinces will have greater scope for development, which will lead to decisive advancement towards Self-Government.

I have the honour to represent the rural interests in this House. Bearing in mind the devoted sympathy of His Excellency the Viceroy with these interests, and the bright expectations that they have from His Excellency, along with these facts the knowledge of the useful but dumb rural community which is possessed by our beloved and learned Governor of the Punjab, I will specially draw their attention to the following facts.

Mr. President, the receipts of the country, in general, and of the Punjab, in particular, accrue from the rural communities. At present the land rent and the irrigation charges are crushing, they are rendered still more unbearable due to the lack of water supply in the canals and the prevailing rates of corn; in consequence it will be more just to reduce such charges and make up the deficiency by levying higher rates of taxes on the well-to-do non-agricultural sections.

The land settlement should be made permanent, in order to avoid the unnecessary provision in the Budget for the settlement staff, and the enhancement of the land-rental, which is usually enhanced simply to set off the services of the settlement officers, with the result that the rural community is being weighed down gradually. It will be most befitting if His Excellency the Viceroy will associate his name with a permanent settlement, and leave his memory to be cherished with gratitude for ever.

The District Boards should be allowed greater powers, so that the local self-Government may mature into a real self-Government; and they should necessarily be consulted by the Provincial Councils, particularly, in connection with the reduction and enhancement of taxation.

The major portion of the receipts of the Budget is realised from the rural communities, and it will be only just if a proportionately greater amount is expended on that section. No doubt, education has assumed a more popular aspect, and this section is deriving its due share of benefit; still due to the paucity of services and a general unemployment of the educated section, which includes a large portion of the offspring of the rural community, there prevails an atmosphere charged with distress; and until industrial, commercial and agricultural schools are not brought into existence in large numbers, this problem of unemployment cannot be solved, the consequences of which are presenting a most unwholesome prospect.

*Vide p. 435 of these Debates.

• Mr President, I consider it a necessity to spend large amounts on the Army, because it is responsible for the defence of the country; at the same time its enhancement indicates an avenue to reduce the present tension of unemployment. In view of the fact that adequate reduction has been effected in the Army and a large number of demobilised soldiers are roaming about unemployed, I will draw the attention of the Commander-in-Chief, whose generous and loving attitude towards matters of public interest and exceptional attainments are well established, with some emphasis to the following matters.

Special industrial schools should be opened for pensioned and retired soldiers, on behalf of the Army, to save them from unemployment.

The obstacles that exist to the enlistment of Saiyads, in certain regiments, a caste which is superior to all other Muhammadan castes as regards its descent, should be removed. Instructions should be issued to every commanding officer that no obstacle should be placed to their enlistment, so as not to deprive the Army of the services of this martial race.

During the Great War the Punjab, in general and the district of Jhelum, in particular, have rendered conspicuous military services; and the recruitment roll of the Jhelum District, to which I have the honour to belong, has been the highest. By way of recognition of its military services new canals should be constructed in the district, and new grants of land should be made. The narrow limits of the district area, and the scarcity of rains have tended to make the conditions more distressing. The last demobilisation has swelled the numbers of the unemployed, and the grant of land will thus procure a means for their livelihood.

Another matter that particularly deserves the attention of His Excellency the Commander-in-Chief is that the Remount Department is dealing very severely and strictly with the colonisers; the grievance is particularly most pressing in the district of Shahpur, where horse-breeders are subjected to harassing fresh conditions with unusual frequency; and I hope, if His Excellency takes the matter into consideration, the Remount Department will alter its policy.

COUNCIL OF STATE.

Monday, 7th March, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN.

The Honourable Mr. James Alexander Richey, C.I.E. (Educational Commissioner with the Government of India).

QUESTIONS AND ANSWERS

CONTINUANCE OF THE PRESENT PRACTICE OF TAKING TABOOTS OVER THE SANGAM BRIDGE ON WELLESLEY ROAD, POONA.

140. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state.

- (a) Whether the *Taboots* have passed over the Sangam Bridge on Wellesley Road, Poona, from a very long time?
- (b) Whether a new bridge has been built in place of the old one?
- (c) Whether they are aware of any dispute between the Mussalmans of the place and the railway authorities?
- (d) If so, will they place all the papers on the table?
- (e) Have the Bombay Government referred the matter to the Government of India?
- (f) Do the Government of India intend to allow the Mussalmans to continue the present practice of taking the *Taboots* over the bridge?

THE HONOURABLE MR. G. L. CORBETT: (a) and (b). The reply is in the affirmative.

(c)—(f) No reference has been received from the Government of Bombay on the subject, but a report has been received from the Agent. It is understood that the matter is under the consideration of the Local Government and I am not prepared to place the papers on the table.

PROMOTIONS FROM THE BOMBAY CIVIL SERVICE TO THE INDIAN CIVIL SERVICE.

141. THE HONOURABLE SIR HAROON JAFFER: (a) Will Government be pleased to state when they intend giving effect, in the case of the officers of the Bombay Civil Service, to the recommendations made by the Lee Commission in paragraph 36, page 19, of the Report?

(b) Will some of these officers be promoted to the Indian Civil Service during this year?

THE HONOURABLE MR. H. G. HAIG: (a) It has always been the intention that the proportion of posts filled by promotion from the Provincial Services should be increased gradually up to the proportions recommended by the Lee Commission. Any other system would involve grave injustice to the existing members of the All-India Services. The increase has already begun in Bombay, three additional posts on the Indian Civil Service cadre having been thrown open to the Provincial Services.

(b) This will depend on the occurrence of vacancies, which the Government of India are not in a position to forecast.

EXPORT OF PEACOCK FEATHERS.

142. THE HONOURABLE SIR HAROON JAFFER. Do Government intend to allow the export of peacock feathers? If not, why not?

THE HONOURABLE MR. H. G. HAIG. No, Sir. Export was prohibited in 1902, in order to prevent the indiscriminate slaughter of birds by persons interested in the sale and exportation of their feathers. The Government do not propose to withdraw the prohibition.

REPRESENTATIONS IN FAVOUR OF FIXING THE RATIO AT 1s. 6d. TO THE RUPEE.

143. THE HONOURABLE MR. ANUGRAHA NARAYAN SINHA: (a) Will the Government be pleased to state whether they have received any representations from recognised public bodies in this country or outside in favour of fixing the ratio at 1s. 6d. to the rupee?

(b) If the answer to (a) be in the affirmative, will the Government be pleased to lay on the table a list containing the names of the public bodies in question and the dates on which the representations have been received?

THE HONOURABLE MR. A. F. L. BRAYNE: No representations in favour of 1s. 6d. ratio have been received from public bodies outside India. As regards public bodies in India I would refer the Honourable Member to the list of opinions on the Currency Bill circulated to Honourable Members. In addition to these, direct representation was also received from the Delhi Piece-Goods Association on the 14th August 1926.

MADRAS LOCAL OPTION BILL.

144. THE HONOURABLE MR. ANUGRAHA NARAYAN SINHA: Is it a fact that the Government of India have refused permission to a non-official Member of the Madras Legislative Council to introduce a Bill for local option, during the last few years? If so, will the Government be pleased to state their reasons for the same?

THE HONOURABLE MR. S. R. DAS: The answer to the first part of the question is in the negative. The second part of the question therefore

does not arise. I may however state for the information of the Honourable Member the facts of the case to which he presumably refers. In November, 1921, the Government of India received from the Government of Madras a copy of a Local Option Bill, which M. R. Ry. Diwan Bahadur M. Ramachandra Rao Pantulu Garu, a non-official Member of the Madras Legislative Council, proposed to introduce in that Council. The Bill applied primarily to country liquor, but contained a provision admitting of the extension of its application to foreign liquor by notification. In its application to foreign liquor, the Bill would inevitably have affected the customs duties and the Bill therefore required the previous sanction of the Governor General under clause (b) of sub-section (3) of section 80A of the Government of India Act. The Government of India, therefore, instructed the Local Government to explain to the Honourable Member that the Bill as it stood required the sanction in question and that it was open to him either to apply for that sanction, or to omit from the Bill the only provision in respect of which the requirement of sanction arose. The Government of India understand that the Honourable Member adopted the second alternative and gave fresh notice of his Bill after omitting the provision permitting of its extension to liquor other than country liquor. It appears, however, that he took no steps to introduce the Bill.

GRANT OF RELIEF TO THE COAL TRADE.

145 THE HONOURABLE MR. ANUGRAHA NARAYAN SINHA: (a) Will the Government be pleased to state the number of the coal companies in Bihar and Orissa that have closed down and the number of those that have diminished their output during the last three years, stating separately the extent of such diminution in the case of each company?

(b) Will the Government be pleased to state if they have taken any steps to afford relief to the coal trade? If so, what? If not, do they propose to take any step in the matter?

THE HONOURABLE MR. G. L. CORBETT: (a) The information so far as it is available is being collected, and will be supplied to the Honourable Member.

(b) In September, 1924, the Government of India appointed a committee representing all interests concerned to inquire and report what measures could be taken to stimulate the export of coal from Calcutta to Indian and foreign ports. The Committee reported in March, 1925, and effect was given to their principal recommendations, which included:

- (1) Various improvements in methods of transport, both on the railways and at the port of Calcutta;
- (2) The constitution of the Coal Grading Board;
- (3) An increase in the rebate on the railway freight for graded export coal from 25 per cent. to 37½ per cent.
- (4) A reduction in the river due at Calcutta on graded coal from 8 As. to 4 As. per ton.

In addition long distance railway freights for coal have been reduced.

In September, 1925, the Government of India referred to the Tariff Board for investigation the question whether a protective duty should be

imposed on imported coal. Their Report was published in July, 1926, and the decisions of the Government of India thereon were announced in their Resolution of the 17th July, 1926, published in the Gazette of India of the same date.

If the Honourable Member is interested in the Indian coal industry, I would suggest to him that he should read both these reports. He will find copies in the Library.

I may add that the Monthly Trade Accounts show that during the first 10 months of this year, India imported only 118,000 tons of coal and exported 576,000 tons.

TOTAL IMPORTS OF COAL FROM NATAL, ETC.

146. THE HONOURABLE MR. ANUGRAHA NARAYAN SINHA: Will the Government be pleased to state:

- (a) the total quantity of Natal coal consumed in India; and
- (b) the quantities of Natal and Jharia coal, respectively, consumed in the Bombay Presidency in the years 1923-24, 1924-25, 1925-26 and 1926-27?

THE HONOURABLE MR. G. L. CORBETT: (a) Total imports of Natal coal into India during the last 3 years were

1924	.	.	.	.	.	.	.	.	172,473 tons.
1925	.	.	.	.	.	.	.	.	188,582 ..
1926	.	.	.	.	.	.	.	.	84,056 ..

But a portion of these imports would be used as bunkers for outgoing steamers. The quantity consumed in India would be less than these figures.

(b) It would take much time and trouble to extract the figures of Natal and Jharia coal landed in the Bombay Presidency both by sea and by rail. Even then the figures of consumption in the Bombay Presidency would not be known, for, as I have explained above, allowance would have to be made for bunkers on outgoing steamers.

PERCENTAGE OF EXPENDITURE INCURRED BY PROVINCIAL GOVERNMENTS UNDER CERTAIN SPECIFIED HEADS.

147. THE HONOURABLE MR. ANUGRAHA NARAYAN SINHA: Will the Government be pleased to lay on the table a statement showing, province by province, the proportion of the provincial revenues spent by each province on Education, Medical, Public Health, Agriculture and Industries, and the percentage of such expenditure on Police, General Administration, Justice and Jails?

THE HONOURABLE MR. A. F. L. BRAYNE: I would refer the Honourable Member to Account No. 9 of the Finance and Revenue Accounts of the Government of India.

OUTPUT OF COAL IN THE COLLIERIES OF BIHAR AND ORISSA, ETC.

148. THE HONOURABLE MR. ANUGRAHA NARAYAN SINHA: Will the Government be pleased to state:

- (a) the total output of coal in the collieries of Bihar and Orissa, excluding railway collieries;
- (b) the principal markets for such coal inside and outside India; and
- (c) whether there has been any shrinkage of consumption of such coal during the last two years?

THE HONOURABLE MR. G. L. CORBETT: (a) The total output of coal in the collieries of Bihar and Orissa, excluding railway collieries, in 1926 was 11,855,779 tons.

(b) The principal markets for such coal inside India are the chief industrial centres, such as Calcutta, Cawnpore, Bombay, Ahmedabad, etc.. The principal markets outside India are Colombo, Singapore and the Straits Settlements.

(c) The total output of such coal in 1925 was 11,616,994 tons. That is, the output in 1926 was nearly a quarter of a million tons more than in 1925. It may be inferred, therefore, that there has not been any shrinkage of consumption during the last two years.

SUPPLY OF BEEF TO BRITISH REGIMENTS.

149. THE HONOURABLE LALA SUKHBIR SINHA: Will His Excellency the Commander-in-Chief be pleased to give the following information:

- (a) List of all Cantonment slaughter-houses in India where cattle are killed for beef;
- (b) total number of British officers and soldiers to whom beef is supplied;
- (c) total quantity of beef supplied to them every year;
- (d) whether any beef is imported and, if so, how much and from what country;
- (e) how many cows and bullocks are killed every year in all the slaughter-houses for military requirements;
- (f) is there any age limit up to which cattle are passed and allowed to be killed; and
- (g) is it a fact that cows below the age of 5 years are generally killed?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) The number, as stated in reply to question No. 68, dated the 15th February, 1921, in the Legislative Assembly, was 85. The present-day figure may be taken as about the same.

(b) I am unable to give the exact number of British officers and soldiers to whom this is supplied either free or on payment, but the sanctioned establishment of British troops in India, including the Royal Air Force, is 6,666 officers and 61,275 other ranks.

(c) The estimated requirements during 1926-27 were 8,538 tons, including weight of bone, calculated at the rate of 6 lbs., including bone, per man per week.

(d) 50 tons of tinned beef are imported from Australia every year for purposes of the turnover of mobilisation reserves and of maintenance stocks.

(e) The total number will be obtained and communicated to the Honourable Member.

(f) Yes, the age limit is between 3 and 9 years.

(g) No, Sir.

STATEMENT LAID ON THE TABLE.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I lay on the table a statement* showing the action taken on the recommendations of the Retrenchment Committee.

RESOLUTION *RE* CONSTRUCTION OF A NEW RAILWAY LINE BETWEEN MANGALORE AND THE NEAREST POINT IN BRITISH INDIAN TERRITORY TO MARMAGOA.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadan): Sir, I beg to move the following Resolution which stands in my name:

"This Council recommends to the Governor General in Council that the construction of a new railway line between Mangalore and the nearest point in British Indian territory to Marmagao be undertaken at an early date, and that necessary provision be made in the ensuing Railway Budget for conducting the preliminary investigations for this project."

Sir, the question of providing railway facilities for the people of South Kanara and of connecting the flourishing port of Mangalore with the rich plateau of Mysore on the one side and the West Coast ports of Marmagao and Bombay on the other, has been hanging fire for nearly a quarter of a century. Looking at the railway map of India, one may say that a big gap in railway construction is to be found in the West Coast from Mangalore to Marmagao. The districts of South Kanara and North Kanara are still in the same old primitive state and if any one in the northern-most corner of the South Kanara district should wish to go to Bombay, one must travel miles and miles in carts through beaten tracks and trunk roads before he could reach Mangalore and take the train to Madras and go back from there to Bombay. It is like putting the hand round the head to touch the nose. Numerous representations have been made by the public of South Kanara and North Kanara, by the District Boards of South and North Kanara and by the Planters' Associations, by merchants, traders and other commercial interests to open the districts with railways, so as to stimulate not only internal traffic but also to encourage external foreign trade, but all in vain. Sir, the indifference of the several railway administrations who were consulted in the matter, and who were more overawed by the geographical conditions of the districts, the ghats and the mountain streams, which would involve them in heavy capital expenditure than allured by the prospective returns in trade and traffic, coupled with the indecision and the wavering attitude of the Madras and Bombay Governments and the apathy and obstructive tactics of the Railway Board and the Government of India, has been

responsible for the cold neglect and unjust treatment meted out to these districts. The Sea-route from Mangalore to Bombay is none the less dangerous. The East is noted for its quiet and calm and the West for its roughness and boisterousness and unlike the Eastern Waters, the Bay of Bengal, the Arabian Sea on the West, especially during the monsoonic weather, is beset with formidable difficulties for cargo and passenger traffic. There had been schemes and schemes during the past 20 years for railway construction in South and North Kanara, and though some of them had the full support and sympathy of a few kind-hearted collectors of the districts—the men on the spot—who worked heart and soul for the material advancement of the people of South and North Kanara, over whom they held temporary sway, they had been rejected or abandoned for some reason or other by the adamant Railway Board and the Government of India. One of such schemes, Sir, is the Mangalore-Hassan Railway. I have been recently prevented from moving a Resolution on this subject of which I had given notice and so I do not propose to harp on this project at any length here. A detailed survey and estimate was prepared for this line about 20 years ago by Mr Gilchrist and the construction of the line was justified “by its immense importance to the Mysore State and the planting industry, by the advantages it would confer on the populous and fertile South Kanara District, and by the traffic that might be expected to develop when the line was constructed” A brief description of the internal and the external trade of the District, which is of vital importance to any programme of railway construction, will not be out of place here. Apart from the trade which Mangalore Port has in salt-fish, fish manure, fish guano and fish oil, which amounted to 3 lakhs of rupees in 1912 and which must have been doubled and trebled now, there is the export trade to Mysore through Mangalore about 13,000 tons annually, consisting of tiles, metals, coir matting and gunnies, shell-lime and coral, fish and chemical, manures, salt, kerosene oil, besides timber and other forest produce to the extent of about 30,000 tons. The import from Mysore approximates 7,000 tons of coffee, sandal-wood, minor forest produce, cereals, sundries and so on.

THE HONOURABLE THE PRESIDENT: Order, order. I must ask the Honourable Member to refrain from making on this Resolution the speech which he apparently intended to make on the Resolution to which he referred and which he said he was not allowed to move. That Resolution was one which affected the relations of the Government of India with the administration of an Indian State and under the rules was disallowed. The Honourable Member must try to confine himself strictly to the Resolution which is on the paper.

THE HONOURABLE RAO SAHIB DR. U RAMA RAU: Yes, Sir. I only wanted to show that a number of projects were considered and given up, and so I am proposing that this particular project be taken up. However, I am not going to harp on that. These figures are some years old and can therefore be safely doubled or even trebled now. The District Board of South Kanara had also undertaken to guarantee an interest of $4\frac{1}{2}$ per cent. by the levy of a railway cess. All these considerations never found favour with the Railway Board, and the Mangalore-Hassan Railway project is a thing of the dead past never more to revive. I however hope, Sir, though it will be hoping against hope, that a day will come when we will all hear of its resurrection for the lasting and mutual benefit of the people of South Kanara and of Mysore.

[Rao Sahib Dr. U. Rama Rau.]

Another alternative scheme is the Mangalore-Shimoga line. This line was first thought out and even traced roughly by Mr. Vibert, the Collector of South Kanara, in the hope that only in case the Hassan-Mangalore project is finally dropped, a branch line from Shimoga *via* Tirthalli, Kallarkatta, Nagodi, Baji, Malpe and thence to Mangalore will be the next best line. Mr. Richards, the railway expert of the Government of India, who was deputed to investigate into the railway projects of South Kanara in 1916 while he gave the first place of importance to the Mangalore-Hassan Railway project, preferred the Shimoga-Malpe-Mangalore project above referred to as the next best to the Shimoga-Bhatkal line. According to Mr. Richards' report, this line will not meet with much difficulty in the ghaut section from an engineering point of view. Now that a line from Mangalore to Malpe has been included in the quinquennial programme of railway construction and its survey is proposed to be undertaken in 1928-29, it would facilitate work if provision is made in the next year's Budget at least, for the survey being taken of the extension from Malpe to Shimoga or to the direct extension of the line, all along the West Coast, up to the nearest point in British Indian territory to Marmagao *via* Hubli, which I now propose.

This line—the Mangalore-Marmagao line—which we shall name as such for the present, goes right along the coast and touches all the important ports of South Kanara and North Kanara, *viz*, Malpe, Gengully, Byandur, Bhatkal, Honnavar to Kumta and from there diverted North-East to Hubli to connect it with the Madras and Southern Mahratta Railway line, which reaches as far as Marmagao. The ghat difficulty does not exist to any alarming extent in this route nor are there many mountain streams to bridge. This will give a direct route to Bombay and improve the coastal traffic of South and North Kanara. This will practically complete the chain of railways along the coast and will be useful not only in times of peace but also in times of war which may God forbid. When these ports flourish in course of time, the traffic from Mysore will, I am sure, flow into them and that day will be the day of resurrection for the Mangalore-Hassan Railway, which I had previously forestalled. I trust, therefore the Railway Board and the Government of India, in consultation with the Madras and Bombay Governments, will see their way to make a complete survey of the Mangalore-Marmagao project and undertake its construction, without undue delay and unnecessary pessimism, thus conferring on the people of South Kanara and North Kanara a lasting boon.

One word more, Sir, and I am done. This is my last railway Resolution for this Session and I am sure it will share the same fate as its predecessors. The Government of India have discovered a nice formula for the solution of these problems, and that is, these are local matters. I do not know if that formula is applicable to this case, and if I am to be told after all it is a "local matter" which this House need not be bothered about, I bow to their ruling. Already, my friend the Honourable Sir Umar Hayat Khan and my other friend the Honourable Sayyad Alay Nabí have solved some of their problems easily, by the application of this formula and they have advised me to leave it. Meanwhile, I am confronted with another difficulty. Only the other day, when a motion was moved in the Bombay Legislative Council, on the advice of the Government of India, on my Resolution regarding the formation of a separate Kannada province, it was disallowed on the ground that it was not a local matter but an all-India question concerning the Central Legislatures. So they have also devised a formula

for them, and between "Local matter" and "All-India matter", we are nowhere. I am yet to know where the one ends and the other begins. With due deference to my Honourable friends on the other side, I shall do my duty and rest content. With these words, Sir, I move this Resolution.

THE HONOURABLE MR. G. L. 'ORBETT (Commerce Secretary): Sir, I welcome this Resolution very much. I am very glad and I congratulate the Honourable Mover on raising a question of considerable interest and importance in the communications of India. I can assure him that I do not regard this as a local problem at all. In fact it involves two Local Governments, Madras and Bombay, an important Indian State, as the Honourable the President has reminded him, and I may add the Republic of Portugal, which is interested of course in the development of railway communications with Marmagao, which is Portuguese territory. Well, Sir, any one looking at a railway map of India will, as the Honourable Mover has quite rightly said, be struck by the fact that there appears here to be an obvious breach in our system of communications. A line here would not only connect Canara and Malabar with Marmagao but, as the Honourable Mover said, it would be a direct line of communication with Bombay.

But before we undertake the construction of a railway line we have to consider whether the project is likely to be remunerative. We do not, as the Resolution suggests, decide to undertake the project first and make the preliminary investigation afterwards. I do not think that the Honourable Mover seriously meant that, but that is how his Resolution is actually worded. Well, Sir, our railways are run on business lines, and not merely to provide amenities regardless of cost. And in considering whether a line is likely to be remunerative we do have to rely, even in an all-India matter, on local information supplied by the local authorities. Well, Sir, it is a fact that no Local Government and no railway administration has in point of fact ever recommended a connection from Mangalore to the line leading to Marmagao. The South Indian Railway have, however, as the Honourable Mover is already aware, proposed an extension from Mangalore to Malpe, a sea-port on the west coast, a distance of about forty miles north of Mangalore, and this is on their programme for survey in 1928-29. We are asking the Agent of the Railway to expedite this survey, and when the report and estimates are received, we shall be in a position to decide whether the line is likely to be remunerative; and if we are satisfied, we shall undertake this construction at once.

A further extension from Malpe to the line leading to Marmagao will be considered in due course. But so far as one can see now, there does not seem to be very much likelihood that this section will be justifiable financially. The map will show what the Honourable Mover was inclined to deny, I think, that this section will involve some very heavy and expensive ghat work, and it is rather doubtful whether the traffic offering would be sufficient to bear the cost.

There is also another proposal now under consideration, to which the Honourable Mover has also referred, which would give through communication from Canara and Malabar to Bombay. This is a line from Mangalore to Hassan on the Mysore Railway. And although I have no intention of discussing this matter now, I have not the slightest objection to saying that this is actually under consideration. This would be a preferable line, I think, in many ways, because it would have the additional

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advantage of giving direct communication between Malabar and Canara and Mysore and Bangalore.

I am very glad the Honourable Member referred to the alternative route, that is, the sea route from Canara and Malabar ports to Bombay, because it is a fact that the traffic from the Malabar coast up to the Bombay Presidency is already provided for to a considerable extent by an efficient service of coastal steamers, which I am very glad to say are run almost entirely by Indians—Indian Captains and engineers.

We have to recognise that a coastal railway would have to face severe competition from these steamers, and, on the other hand, I think that we who are interested in the development of an Indian mercantile marine would be very sorry to see this line of steamers and the small ports at which they call injured by competition from a railway which is not fully justified on its own merits. I should deprecate the construction of a railway merely as an alternative route, even to save the Honourable Member's patients from sea-sickness.

I can promise the Honourable Member, however, that we will survey the Mangalore-Malpe section at a very early date, and if the survey and report are satisfactory, we will undertake construction. But I cannot promise now any extension beyond Malpe, though naturally we always have this possibility in our mind. I cannot say more than that, and I hope the Honourable Member will be satisfied with my reply.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: Sir, I am extremely glad that the Honourable Member who has spoken on behalf of Government is very sympathetic towards my proposal, but I may as well inform him that the steamer service is not very regular at all. Sometimes it is available and sometimes it is not. In fact, for four or five months in the year, the steamer does not touch these ports owing to heavy rain during the monsoon. As to whether the scheme will be successful and pay the company, that is exactly what I want the Government to find out. I would like inquiries started, surveys made, and see how much it will cost, and whether it will pay. I want that sort of investigation made; I do not want to start the railway construction all of a sudden. As from the summary of his speech, the Honourable Member is very much inclined towards my proposal, I do not want to press my Resolution, but with the permission of the House would like to withdraw it.

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* COMPULSORY MILITARY TRAINING OF UNIVERSITY STUDENTS.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, I beg to move the following Resolution which stands in my name:

"This Council recommends to the Governor General in Council to adopt measures for providing compulsory military training to students studying in the college classes in Indian Universities."

Sir, the object of my Resolution is twofold. My primary object is to see that students are prepared, during their careers at college, to

occupy in course of time their proper place as manly citizens of the country. Most of you are painfully aware of the fact that our students when they enter colleges are hale and hearty. By the end of their educational career you find that many of them—the large majority of them—are actual physical wrecks. The system of education and their conditions of living are such as to lead to physical deterioration and degeneration. I do not lay the blame at the door of any particular agency. Perhaps the students and their parents and their domestic environments are as much responsible as the system of education and scholastic surroundings. However, the fact remains that our students do require to be trained physically to become men. That is the first object of my Resolution.

The second object is to see that there is a proper development of civic soldiering in this country by means of a proper educational curriculum while students are at college. It is a very painful fact but it has got to be stated, that during the fairly long period of law and order which this country enjoyed under the shelter of the British arms, the people became emasculated, largely. I am sorry to say, due to the military policy of the British Government. This pathetic, placid contentment cannot for ever remain undisturbed and the British Government in this country is itself responsible for awakening the consciousness of the people. Therefore there is a natural desire on our part to take a legitimate share in the defence of our country. These two objects which I have in view can only be promoted, if an earnest and real effort is made both by the people and the Government to give military training to the students of this country. With the larger question of military training of the people I am not now concerned. I am confining my Resolution to students studying in the various colleges and universities in India. You may ask me, why should you confine your Resolution to students; why don't you ask for military training for all the people of India who are of fit age to be trained for military purposes? That is a larger problem. We shall begin with students. The Esher Committee and some other committees which sat on this question of military training have come to the conclusion that the universities and colleges where students are congregated for purposes of education furnish the best field for military training. They had greater hesitation in forming territorial units in urban and rural areas, because they found that such units were not a success. They gave a good and satisfactory account of their experiments with students in colleges and universities. I will, without substituting my own words for theirs, read one or two passages from the Esher Committee's Report. At page 73 of that Report the Committee says:

"Another experiment which so far promises better results has been made since 1917, when sanction was given to the formation of six university corps varying in strength from 1,125 in Calcutta to 125 in Patna in areas served by the universities of Calcutta, Bombay, Madras, Allahabad, Lahore and Patna. The total sanctioned strength is 2,625. There were 2,916 applicants . . .

The Calcutta corps is the strongest in numbers and most forward in training. It appears that, even with an insufficiency of officers and instructors (now being made good), the corps has made healthy progress; the men have improved much in physique under the training, are quick to learn from European instructors (whom they prefer to Indian non-commissioned officers), are steadily overcoming the caste difficulties which stand in the way of training, are becoming more amenable to discipline and turn out smartly on parade. We consider the success attained by the Calcutta University Corps a hopeful indication that these corps are likely to furnish the best material as well as the surest foundation on which to build."

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Again at page 74 of the Report this is what they say :

" Obviously the attitude of men will depend on the extent to which a sense of discipline and obedience has been instilled by training, on their confidence in their officers and their *esprit de corps*; and we are here again drawn to the conclusion that these qualities will be more readily forthcoming and more speedily developed in University corps than in the miscellaneous aggregation of individuals collected in a general territorial unit When the question was discussed with the heads of provinces their general view was that the formation of University corps offered the greatest prospect of success."

And finally they made the following recommendation :

" Recommendation No. 7, Part VI—

University companies should be encouraged but strictly limited to the students and the staff. The men should take their discharge on completion of the university course but should be eligible for transfer to another university unit."

This is the opinion expressed by the Esher Committee. They therefore are of opinion that students while they are at college furnish the best material for military training which is really part of their proper physical training.

Then I am asked the question, why do you make it compulsory and is there any analogy to be found in any other country? Before I answer the question, I would like to ask a question in return. Is there any other country in which people are prevented by law from possessing fire arms? Is there any other country in which students are prohibited from touching arms? Therefore it is illusory to draw comparisons from other countries when a question of this sort is raised. The real answer is that in other countries students do get military training very largely. In the English schools we have what are called Cadet Corps, Rifle Clubs, Officers Training Corps, and various other facilities for military training. Some years ago I read that there were no less than 35,000 students in the Officers Training Corps in England in the public schools. Therefore it is a somewhat amazing contention that because there is no system of compulsory training elsewhere it is really not required or ought not to be inaugurated in India.

Then the question is asked, what is the justification for making it compulsory? Can the Government really embark on a policy which will be resented by the people of this country? I am in a position to state that the assumption underlying this question, namely, that the people of this country will resent compulsory military training is unfounded. I do not think that public opinion in this country has been ascertained by Government at any time. If you want evidence that compulsory military training would not be resented by the educational institutions, but on the contrary would be welcomed, I can furnish it to the House immediately. There are at least five universities which have actually asked for compulsory military training being introduced into the colleges which are managed by them. The Universities of Calcutta, Bombay and Allahabad have actually passed resolutions asking for compulsory military training of their students.

I have not got here the resolution of the Allahabad University, but it is a fact that that University did pass a resolution. I have got the resolutions of the Calcutta and Bombay Universities. The Calcutta

university decided to make physical education compulsory in all schools and colleges and in the University and to request Government to take immediate steps on the question of compulsory military training for students reading in the colleges or university classes. That is so far as Calcutta goes. The Senate of the Bombay University recommended the institution, by the University, of a system of medical examination and compulsory (a) physical education, (b) military training of university students, to be organised and directed by university officers.

Then, Sir, besides these three universities, two great national universities of India, the University of our Muslim brethren at Aligarh and the Hindu University at Benares have also passed resolutions asking for compulsory military training. The universities consist of people who are in touch with the students and their conditions and the Senates of these universities are large and representative bodies in which the parents of the students and the public of the provinces are largely represented. Therefore we cannot say that these Senates have passed resolutions without a full sense of their responsibility in the matter, both to the public and to the students entrusted to their care. In my own university also, the University of Madras, a resolution on the same lines, introduced by my friend Mr. Satyamurti, was referred back to a committee some time ago to be brought up in a more complete form. In the meantime the Academic Council of the University, of which I am a member, passed a resolution to enforce compulsory physical training of students, and we have asked various heads of schools and colleges to find proper teachers to give compulsory physical training to the students; we have also instituted a system of medical examination of the students to test their health as well as their fitness for compulsory physical training. Therefore you cannot say that the universities have not taken the lead in the matter or that the Government is being asked to do something on which there is no expression of opinion by those concerned or by the institutions interested in advocating this reform.

But let me see what the attitude of the Government has been in this matter. The Government has shown that it is not at all in earnest to do much in this direction. The University Corps were started some time ago and are working very well. In my own province the strength is somewhat between 600 and 700 and in other universities also students are taking a lively part in the training. But the facilities which Government have afforded are absolutely inadequate for the purpose. I have looked up the records of the debates in the Assembly and also some answers to questions which were put by members interested in the problem to find out what the attitude of Government has been. It is, though not one of hostility, yet one of supreme indifference. In 1925 an Honourable Member asked the following question of the Army Secretary:

"Has the attention of the Government been drawn to an article, 'Compulsory Military Training for University Students,' published in the issue of the *Leader*, dated 7th December 1924?"

Will the Government be pleased to state if it is a fact that the Allahabad University Training Corps was organised in the year 1922 and the members have not yet been supplied with rifles?

If so, what is the cause of this delay? When are they going to be supplied?"

Mr. Burdon's answer was:

"The Government have seen the article referred to. The Allahabad University Training Corps was formed in the year 1922. In July 1924 orders were given for the

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issue of rifles, but I cannot say whether rifles have actually been issued. The reason why rifles were not issued to the United Provinces Battalion, when it was formed, is that arrangements could not be made at Aligarh and Benares for the safe custody of the rifles, particularly during the university vacation."

Are we to believe, Sir, that in Benares and Aligarh there are no places where the Government can have the rifles safely stored during the period of two months when the University is closed for the vacation? Are there not enough police stations there? Are there no Government offices there where some of these rifles can be safely lodged? I am afraid that Mr. Burdon has failed to convince any right-thinking man that this can be an excuse. It is an excuse of the flimsiest kind and one in which I for one am not prepared to place any belief. It only shows the extent to which the Government can go in evading an issue.

Then another question was put:

"Will the Government be pleased to state:

- (a) whether the conditions laid down in the Territorial Force Rules, Part III, section 2 and section 16 (2) were observed in practice in the University Training Corps at Allahabad?
- (b) how many drills were actually held during the session 1923-24?
- (c) were there any camps during the sessions 1922-23 and 1923-24? If so, how many days; if not, why?"

Mr. Burdon answered:

"The information desired by the Honourable Member is being obtained and will be furnished to him as soon as possible."

I have not been able to trace it. Then there were two other questions:

"(a) Are the Government aware of the fact that the Courts of the Allahabad University and the Hindu University of Benares have resolved to make military training compulsory for such of their students as are physically fit?

(b) Do the Government propose to revise the strength of the University Training Corps in the U. P. of Agra and Oudh so as to enable universities to accommodate their students in the University Training Corps?"

Mr. Burdon replied:

"(a) The Government have no information on the subject.

(b) The Government propose to await the report of the Auxiliary and Territorial Forces Committee before considering any change in the present arrangements."

So the attention of the Government has been drawn to the fact that the arrangements are so unsatisfactory that the University Training Corps are not able to function properly. And their reply is that they have no information on the subject and that they must await the Report of the Auxiliary and Territorial Forces Committee before doing anything. That report has been published I am told; but I don't think any action has been taken.

Then my friend Seth Govind Das recently asked a question:

"Will the Government be pleased to state how many universities in India have approached them to provide compulsory training in the University Training Corps by supplying them with rifles, sergeant instructors, etc.?"

Mr. Burdon answered:

"The Aligarh Muslim University is the only university that has applied to the Government of India for the provision of compulsory military training."

Seth Govind Das followed it up by asking another question which was as follows :

“ Will the Government be pleased to state when the University Training Corps of the United Provinces will be supplied with rifles ? ”

Mr. Burdon's answer was :

“ I would invite the attention of the Honourable Member to the reply given on 22nd January to unstarred question No. 50. The matter will be further considered in connection with the report of the Auxiliary and Territorial Force Committee.”

That is the kind of attitude which the Government assumed towards these University Training Corps, which are functioning usefully but which are languishing for want of any stimulus from the Government and for want of enthusiasm because of paucity of facilities.

On more than one occasion we have asked for facilities for training Indians for the army. In 1921, a Resolution was tabled by Sir Sivaswamy Aiyar, as a sequel to the publication of the Report of the Esher Committee. It was carried with the assent of the Government. In 1923, Sir Sivaswamy finding that no action was taken on it, brought forward another Resolution urging on the Government to take prompt action in connection with the former Resolution. In 1925, Mr. Venkata-pathi Raju brought a Resolution again asking the Government to start a Military College for the training of students in India. As a result of an amendment put forward by Diwan Bahadur Rangachariar and other Members in the course of the debate, the Sandhurst Committee was appointed. The report of that Committee has not been published yet. The Army Department is examining it, I believe, and I do not know what will come out of it. However, it is clear that in 1921 a Resolution passed with the concurrence of the Government remains a dead letter till 1927. It was pointed out very rightly in another place by my friend Diwan Bahadur Rangachariar that 1921 was different from 1925. In 1921, when the Government acceded to the Resolution, they were trying to make the Assembly commit itself to certain proposals for additional taxation. Then there was non-co-operation abroad, there was some life in the country; and Mr. Montagu was at the India Office. In 1925 the conditions had all changed; and the Commander-in-Chief, the late Lord Rawlinson, said he was caught napping in 1921, when he assented to that Resolution, and that he would not commit such a mistake in 1925. He therefore opposed the later Resolutions. Sir, that is the attitude taken by the Government with regard to military training. It certainly does not inspire us with any hope that the Government of India will do anything to train the people of this country to become soldiers in order to defend their own country. Whenever we ask for an advance towards self-government, we are told “ You are unfit to defend your own country, and unless you know how to defend your shores it is useless to invest you with self-government.” When we ask for facilities for learning how to defend ourselves by a course of preliminary training, we are told that there are difficulties of an insuperable character to be overcome before Indians can become officers, that the traditions of the British Army have to be maintained and so on. As the result of agitation for years what we have got is a preparatory elementary school at Dehra Dun, which is, I think, called by the dignified name of a Royal Military College. My friends on the opposite side are adepts in coining names, but there is really nothing of a military character, or of a college or of

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royalty about this institution. It is one of those fine names which delude people into thinking that there is a military college in India. This is not surprising, having regard to the fact that they themselves stand by a name which is so unreal. My friends call their service the Indian Civil Service, although it is neither 'Indian' nor 'civil' nor 'service'. It is no wonder therefore that they have coined a phrase very much like their own Service for this college. Knowing that general military training is unacceptable to Government, I ask for this modicum of reform which ought to be taken up immediately. Public opinion favours it. I hope that I will not to-day be put out of court by the objection that I have not put forward any concrete financial proposals for carrying out my scheme. What will be the cost of it, what are the commitments of this scheme if successful?—these are matters for experts. In a country where 40 million pounds is being spent on the Army every year, it should surely not be difficult for the Government to find the money for this purpose. If it comes to that, the parents of the boys themselves will be prepared to pay their share, if the Local Governments pay a portion and the Government of India another portion. Those are details which can be gone into by any Committee which sits for a few days to formulate a scheme. I am asking for this reform, for the reason that there are really no facilities for military training of students in India. The irony of the situation is that in India itself there are not less than 15 institutions where military training of some sort is given, but Indians have no access to them. They have no chance of getting in. In England again I am told there are various institutions for which money is paid from the Indian Exchequer but into which Indians are not admitted. (*The Honourable Sir John Bell*: "What are these institutions?") My Honourable friend wants to know what are these institutions. This is answered by the reply given to a question put by an Honourable Member of the Assembly which will be found in the Debates, Volume VII, Part I, page 81:

"Will the Government please state whether there are military training institutions in England in receipt of direct or indirect contribution from India as a result of the capitation grant, which exclude the admission of Indians on principle?

(b) If the answer be in the affirmative will the Government please state:

- (i) the total number of such institutions;
- (ii) the total amount of contributions during the last three years;
- (iii) whether the exclusion of Indians is under orders of the War Office; and
- (iv) whether the question of the admission of Indians to institutions enjoying a subsidy from India has been, or is proposed to be, taken up for consideration?"

Mr. Burdon replied:

"As has been stated in answer to previous questions, the only military training institution in Great Britain to which Indians are admitted is Sandhurst, the reason being that Sandhurst is the training college for officers of the cavalry and infantry, and Indians are at present eligible for appointment as King's Commissioned officers in these two arms alone on the combatant side. Government have no information whether any portion of the capitation rates is *definitely ear-marked* by His Majesty's Government for expenditure on military training institutions, but this is probably not the case. The fact that Indians are not admitted to other arms of the service nor consequently to other military training institutions is, as the Honourable Member surmises, a decision of His Majesty's Government. As the Honourable Member is

aware, the question of employing Indians as King's Commissioned Officers in other combatant arms is under consideration."

Mark the words money is not "definitely ear-marked for these institutions," and the whole question is under consideration. The fact is no facilities are given in India and no facilities are given in England; and if we ask for training to be given to students in universities various kinds of objections are raised.

I have taken up much time already, Sir; and I will allude only to one fact before I sit down. There is an apprehension in the minds of some Indians themselves that the military training will interfere with the studies of the students and that there will be difficulties in fitting in military training in the curriculum of schools and colleges. I will just answer that point before I resume my seat. In Madras there is a journal edited by Captain Maxwell-Lawford who is in charge of the University Training Corps—a very popular officer I am glad to admit. This journal is edited by him, and in one of the leading articles he denies that any appreciable time of the students is likely to be swallowed up by military training; he says there is no such danger. The journal says:

"The idea is for each recruit on joining, to parade a sufficient number of times, as frequently as he likes, until he is fit to appear before a Board of Officers who will either "Pass him out" as a trained member of the Corps or else return him for further training. It is expected that in the average case about six months will be necessary to reach the state of efficiency required by the Board of Officers and the subjects in which the recruits will have to be examined are those up to and including Arms Drill but not musketry. Those who satisfy the Board will then have to complete their Musketry training during the following year and will then only be called upon to parade on Battalion parades held sufficiently frequently to maintain the necessary standard of good drill. Hence once a recruit has completed his recruits training he will find that the U. T. C. will interfere practically not at all with his college work and games. We have always had to face the fact that those who join the Corps are those whose activities are invariably greatest in other branches of College life, be it on the Sports field or in College Societies and we have always felt that in the University the willing horse was doing more than his fair share of work."

This is the account given by the military editor of the journal who knows all about the conditions of the students in Madras. Before I close, I have to impress upon my own countrymen, rather upon the Government the need to get rid of the fear of this military training and to see the necessity for it and to nerve themselves for the task by putting their children under a compulsory system of military education. If we are to realise our ambition of self-government for India or even the more modest and less ambitious dream of Indianising the Army, I submit there is no other way of doing it except by giving military training to our students in colleges. They are the fittest material, and I do say that if you begin the experiment with the students you can bring the scheme of general training to a successful issue. There is no danger at all either to the Empire or to the permanence of British rule, because the students will be discharged as soon as their college course is over. Therefore you need not distrust them. Distrust is the root of all evil, and I hope you will not find it difficult to reconcile yourself to the position that Indian students can be trusted with arms. In the University Corps the Government of India will have a national militia and a second line of defence. Our peace strength can be much reduced if our students in India are given sound military training. With these words I commend my Resolution for the acceptance of the House.

THE HONOURABLE MR. J. A. RICHEY (Educational Commissioner with the Government of India): Sir, I do not propose to follow the Honourable Mover of this Resolution in his arguments concerning the Royal Military College or the University Training Corps. A large part of his speech seemed to me directed towards the encouragement of military training on a voluntary basis, but the words of the Resolution propose compulsory military training, and there is a wide gulf, as I shall show later on, between compulsory military training and voluntary military training; and were the Resolution to be worded in favour of an extension of voluntary military training, I do not know what the attitude of the Government of India would be. But I regret that as the Resolution stands, it cannot be accepted by Government and I will give first a summary of the technical reasons why it cannot be accepted. The Honourable Mover of this Resolution has nowhere given us any idea of the steps which he wishes the Government of India to take. He speaks of the Government of India adopting measures, but he does not describe the measures which he wishes the Government of India to adopt. The Government of India cannot ignore this practical difficulty because a great majority of the universities in India are not controlled by the Government of India. So far as any control exists, it is exercised by the provincial ministries of education, but even this control does not extend to the power of introducing regulations prescribing the courses to be followed by students; the initiative in this matter rests with the universities. They are autonomous bodies in this respect and they are very jealous of their autonomy. Any one who has served on a university body need not be assured of that fact. Now, it will be impossible either for the Government of India or for any Provincial Government to introduce an order or rule that no student should proceed to a university degree examination or other examination until he had followed a course of military training. Only the universities themselves can propose such regulations and only the universities can enforce them. The students are controlled by the college and university authorities, and therefore I hope it is clear to the Honourable Member that it is not here but from the universities that the initiative in this matter must come. Now, he has quoted the cases of several universities which have adopted resolutions to this effect. So far as I gathered in the case of both Bombay and Madras which are the only two resolutions he quoted, the resolutions were in favour of compulsory physical education and not compulsory military education.

THE HONOURABLE MR. V. RAMADAS PANTULU: Allahabad, Calcutta and Bombay are for compulsory military education, not merely physical education.

THE HONOURABLE MR. J. A. RICHEY: You read out "in the case of Madras and Bombay".

THE HONOURABLE MR. V. RAMADAS PANTULU: Not Madras, Sir.

THE HONOURABLE MR. J. A. RICHEY: If there have been any such resolutions passed by those universities they have not proceeded beyond the stage of mere pious resolutions. I am not aware that any Syndicate or Senate has drafted regulations or proposed draft regulations to enforce compulsory military education on its students preparing for the degree

examinations. But lest the Honourable Member should think that the objections of the Government of India to this Resolution are purely technical, I should like to advance some arguments to show the disadvantages of introducing compulsory military training in colleges in India. It has been supported by the Honourable Mover and by others who think like him elsewhere on two grounds, both of which he gave to-day.

Firstly, with the object of training the young men of India in the defence of their country; and secondly, as a means of improving their physique. If we take the first object, on which the Honourable Member laid the greatest stress, it amounts to nothing less than a proposal to introduce conscription into this country. Whether this is desirable or not is a matter on which the military authorities can speak better than I; but as an educationist I would strongly protest against a start being made with the student community. The obstacles in the path of education already are sufficiently serious, and we do not need to add this additional stumbling block to them. The Honourable Member stated that the Esher Committee pointed out that the student population were eminently fit for military training. That has been recommended by the Government of India and the necessary facilities have been provided; but no committee would have the temerity to suggest that conscription should be applied to students. That would act as a deterrent to education, and I don't think that anyone would deny that. The Honourable Member also said that the people of this country would be in favour of it. I would like him to ask the parents if this is so. Does he not know that many parents would hesitate to send their boys to college if they knew that by doing so they were committing them to the danger of service in war time, the ultimate implications of which they could not foresee? There is no country which at present combines a voluntary system of military service with conscription for its undergraduates. The Honourable Member said that India should take the lead. I understand that India is backward in other ways, but this position of education in India at present and the rapidity of her advance in education is not so great that we can afford to put this additional burden on her. I strongly protest against any innovation of this kind being introduced for political reasons.

I think the other argument about improving the physique of the students I am ready to admit, and if that was his object the Honourable Member would have been better advised to amend his motion and ask for compulsory physical training. Games, athletics, etc., are equal, if not better, instruments for the improvement of the physique of young men. Those who have some taste for military exercises have provided for them the University Training Corps. The success of the colleges to which the Honourable Member alluded is, I believe, very considerable, and is in a very large measure due to the enthusiasm and keenness of its members, and they are keen and enthusiastic because they are voluntarily recruited. If you introduce conscription, the whole student population would be flooded with unwilling conscripts with a lower standard of efficiency. It would kill the enthusiasm of the members, a fact that cannot be denied.

However, the Government of India are quite prepared, if there is any strong feeling in this Council in favour of the Honourable Member's motion, to forward a copy of this Resolution to Local Governments for their views, and also to the Inter-University Board. This is a Board

[Mr. J. A. Richey.]

which contains representatives from every part of India. It happens to be meeting to-morrow at Benares. It is designed expressly to consider questions of this nature which concern all Indian universities in common.

I hope with this assurance that the Honourable Member will see his way to withdraw his Resolution.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (North-West Frontier Province: Nominated Non-Official): Sir, if the Honourable the Mover of the Resolution wants simply to improve the physique of the university students, then he could very easily do that by introducing some sort of physical training or Swedish drill, and for that there are regulations, and he could very easily get a copy of the regulations and in half an hour's time the necessary exercises could be done and the physique of the students improved in this way. But, Sir, when he comes to the question that every student of the university should be made a conscript, that is a different question absolutely because there may be some students who have not got a natural aptitude for military training or who might be physically unfit for it. I do not see why he should force those students to be taken into the Territorial Force. Or there might be another reason. The parents of the students might not like their sons to be taken into the army, and the boy's ambition might not be to follow an army career. I do not know why against the natural inclination of the students and against the parents' opinion a boy should be pressed and the service made compulsory. I should say, Sir, that German militarism was a good deal due to such ideas, and even in Germany there might have been conscription before the War, but my friend goes a little bit further than conscription. He is for universal army service, and that means, whether a man is fit or unfit he is to be pressed into the army. He goes a little further than the German system. Well, Sir, I do not know, but my own ideas are that though the idea may be very commendable, there will not be many students who will approve of this scheme. In the Punjab itself, if we put down 500 students from each college, and I should say there are about 20 colleges, it will bring in at least 10,000 students. Well, Sir, to provide these 10 000 students with bayonets, rifles, uniforms and other necessities will be a very tall item, and I do not know how my friend will find the money because when the Military Budget is presented he and his friends always object to the amount already being spent on the Army. I do not know where he will find the amount for the new item, the money for training these 10 000 students. Sir, nearly half or more than half the number of students studying in the university may not have the inclination to go into the army, and in their case I should say it would be a waste of time to compel them to be put into the Territorial Force. Sir, I am in no way averse to imparting military training to the population as a whole, but what I do wish to impress on the Honourable Members of this House is that persons devoid of martial spirit should not be forced to undergo military training as it will be a waste of time for them as well as for the Government. I recollect an incident, Sir, that occurred in Aden. At that time we were attacking the Turkish trenches at Bir Jabbar. There was a doctor with his assistant and they both followed me and I told them they should not make me a target but should select a suitable place for their dressing station, but it seemed to the doctor a fine *tamasha* and he followed. All of a sudden the Turkish machine-guns opened fire and the first thing that I saw was that the doctor ran into

his hospital assistant and the hospital assistant's pugree got twisted round the legs of the doctor and his assistant and both of them fell, and that was the last I saw of the doctor and his assistant. As I had to carry on with my own duties I had not much time, but I think bringing an unwilling people under compulsion will result in something like that. To the Honourable Member it seems that the Army is a very paying department. I can assure him that as regards pay, the Army is very badly paid, and a man, after 25 years' service can only hope to become a Lieutenant-Colonel, and a Lieutenant-Colonel's pay, if I am not mistaken, is not more than Rs. 1,750, and when he has paid the necessary mess and other subscriptions and has paid something for his chargers and ponies he is left with a very small amount of Rs. 500 or 600 for himself and his children. The Honourable gentleman might not know it, but I can assure him that there are not many Colonels in the Army who could sign a cheque for Rs. 10,000, while the successful pleader, barrister, engineer and business man in India can earn much more than a Colonel in the Army, and I do not think that a great many people would like to go into the Army because it is not a very lucrative profession. With these remarks I oppose the Resolution of the Mover because it seems to me impracticable.

THE HONOURABLE SIR S. R. M. ANNAMALAI CHETTIYAR (Madras: Non-Muhammadan): Sir, nobody can deny that there has been a neglect of physical education in the country and that the system now prevailing tends to the development of the mind more than of the body. No systematic training for the development of the body as such has been given. However a welcome change is taking place. Sports and athletics are now one of the important functions of a college. As time goes on, I am sure they will take an increasingly prominent part in college life. Physical training is thus sought to be given in some shape or other. In Madras they are contemplating taking a step further. Provision for systematic regular physical training under trained capable instructors with good general educational qualifications is engaging their attention. From this to military training is a step further and there is no reason why it should not prove equally beneficial. I should, however, like to place before the House one or two considerations which to me at any rate make it only a distant ideal. The Resolution before the House wants the Government to provide measures for compulsory military training for all students in colleges. If the Resolution is accepted by the Government, it means that tens of thousands of students will be under training every year in the various provinces of India. That will involve a large expenditure. Is it to be borne by the Central or the Local Governments, or is it to be borne partly by the Central and partly by the Local Governments? The Honourable Member who moved this Resolution has told us that he would leave this question in the hands of the experts. Will the managements of the colleges be also called upon to bear a share of the expenditure? I do not know what the intention of the Honourable Mover is in this connection. Again, I am not sure if the introduction of the element of compulsion into the training will have the support of public opinion in the country. The Honourable Mover has told us in his speech that some universities, Calcutta, Bombay and perhaps Allahabad, have asked for permission to introduce compulsory training. But, Sir, I would like to suggest that a fair index to the general desire for compulsion can be had if the opinion of the Senate, the principals and staffs of the colleges of the different universities regarding the compulsory nature of the training is gathered throughout the country. I

[Sir S. R. M. Annamalai Chettiyar.]

should not be surprised if several universities express themselves against compulsion. Personally, Sir, I am definitely against the introduction of compulsion in any shape. From a practical point of view the Resolution as it stands is open to objection. I would therefore have the Government of India to suggest to Local Governments the desirability of extending the training now being imparted on a small scale by the formation of University Corps to places where there are facilities so that such of the students as have a preference for it may have an opportunity to get themselves trained. Sir, in this connection I should like to say something with regard to what the Honourable Member who spoke on behalf of the Government said. If I remember aright he said that the universities are not controlled by Government. But, Sir, I think without the introduction of any element of compulsion in training if the Government of India desire to extend the training now given by the university corps it will not be very difficult for them to do so.

*THE HONOURABLE MR. P. C. DESIKA CHARU (Burma: General): Sir, this is a Resolution which, as it is worded, would, I thought, provoke much opposition, and I thought in a House like this it might even be locked out; but I find after all the Honourable Mover when he actually moved the Resolution was able to recognise some of the difficulties which he will have to face in putting forward a Resolution in this rigid, extreme and unreasonable form without providing further details as regards exemptions and without giving any indication as to how it is to be worked. Sir, what do we find in this Resolution as it stands? It enjoins upon all Universities the introduction of the element of compulsion. Of course as regards the undesirability of compulsion a good deal has been said, but I should like to say this compulsion, if introduced by a sort of general consent coming from the class of persons who are likely to be affected, would go a long way to remove the obstacle or the prejudice attaching to compulsion in its extreme form. Sir, we find that the attention of many of these Universities has been engaged for some time on this question and some of those people who are in direct touch with the students and the staffs of the various colleges as well as with the parents have come to think that after all a sort of compulsion by general consent can to some extent be introduced. But to put the Resolution in this form is not to recognise the difficulties which are still to be faced. If absolute compulsion is to be introduced it would have been better for my learned friend the Honourable Mr. Ramadas Pantulu who tabled this Resolution if he had put it in such a way as to make it acceptable to all Members of this Council as well as to the Government who might then have been inclined to be more favourable. After all what is the object of bringing a Resolution if it is not for the purpose of making it acceptable to Government which will have the option of acting upon a Resolution of this sort or not acting upon it? Sir, I find the object of the Honourable Mover is to give some sort of military drill and some sort of training to students in general in the use of arms. If that is all he has got in view then I think the object of my Honourable friend will best be served by removing the word "compulsory" and substituting in its place "further facilities for" to students studying in the college classes; and if the Chair would permit me to move an amendment

of this kind I should be very glad to do so, because it will meet to a considerable extent the object of the Honourable Mover while at the same time make it acceptable to the Council. May I request the Chair

THE HONOURABLE THE PRESIDENT: I can express no opinion about the Honourable Member's amendment till he hands it to me in writing.

(The amendment was handed in.)

The Honourable Member's amendment appears to be as follows:

"To substitute for the words 'providing compulsory military training' the words 'providing further facilities for military training'."

Amendment moved.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab : Nominated Non-Official): Sir, having been a member of the Esher Committee which was not against military training naturally I cannot be against it, but there is one thing I wish to note—that neither in this Resolution nor in the amendment is there any mention of "able-bodied". The other day, Sir, if I had been lucky enough to catch your eye I wanted particularly to put before the Council the various forms of training, specially during the education which is now imparted. When a boy comes to college he is generally a youth and if his physical training in school is neglected he will be absolutely unfit for military training because after all he is required to be so strong that he will be able to carry his kit and be able to walk about 26 miles. If these students who go to the colleges were tested in the way I have suggested there will not be more than five or six per cent. of them who will be of any use.

I might ask, Sir, whether these boys are required to have military training for their own bodily benefit or that they would in future be of any use in defending their country?

THE HONOURABLE MR. V. RAMADAS PANTULU: Both, Sir.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: If it is for the boys themselves then it is all right. But if it is for the defence of the country, then, if you were to see how many of these boys who go to colleges joined during the War to defend their country, you will see whether they are really of the stuff that could be of any use. I think, Sir, that the number was negligible. Again, it is known to His Excellency and others in the country that there are certain people who have had the army as their profession and who have been tried as soldiers in the War, while the others have not been so. This was seen when a regiment of the non-fighting class was sent to the front. Their Colonel and the Generals did not have the courage to send this regiment into the fighting line, being afraid that if they left that gap the whole line might be affected. So, Sir, I think that if only boys of the proper stuff and with proper bodies are taken into these corps they can be of some use. So far I agree with the Honourable Mover. But the boys must be physically fit and should be able to handle arms and be, if possible, of the right class. If you take cold countries like England where boys sit inside a nice school building on chairs and benches, it is a different thing altogether; they are bodily fit and they can become good soldiers. But here from the very beginning the boys sit under shade and do not take sufficient exercise; and when they have read up to the M.A. standard they may be considered to be educated, but they are not men; some lose their eyesight; and their limbs get into such a condition that when they are made

[Sir Umar Hayat Khan.]

to walk or do any hard work they cannot do it. If they were asked to do the work their fathers did, and to plough their fields on the hottest day of the hot weather, they cannot do it; and their complaint is that they have been taken away from their fathers' profession and not provided with jobs in Government service. All those who read now-a-days in schools, with few exceptions, all do so for Government service; they do not go in for education as education.

Then of course there is another consideration as to how they will use fire-arms. Honourable Members know that in these various crimes in Bengal pistols and things like that have been used. These crimes were committed mostly by the student class. That is why I say that you should take only such boys as know, that when they get fire-arms, they should not use them to kill those whom they do not like, but for the defence of the country—not for killing and murdering people.

Therefore, Sir, I do think that this compulsory training would be bad because some of these boys do not have mature brains and they are led away by agitators sometimes and by papers and then they commit all sorts of things which are prohibited by law. With these few remarks I resume my seat.

*THE HONOURABLE SRIJUT' LOKENATH MUKHERJEE (West Bengal: Non-Muhammadan): Sir, in supporting the Resolution so ably moved by my Honourable friend and leader I would like to make a few general observations on the subject. At the very outset I should say that I agree with the amendment of my Honourable friend, Mr. Chari, and I may request my Honourable friend the Mover of this Resolution to accept the amendment.

Sir, representing as I do my *alma mater*, the University of Calcutta, I shall be failing in my duty if I do not place before the House the views of an important section of my constituents, I mean, the educated section of my province in this matter. There is a strong feeling in my province that students should and must get some sort of military training which in itself constitutes a portion of education proper. The present condition of complete ignorance on the part of the Indian, be he educated or illiterate, in the use of arms is not at all a healthy sign of citizenship nor is it desirable. Sir, I think I will not be accused of exaggeration if I say that by the grace of the present bureaucratic administration we have been denied the knowledge of even using a rifle. Of course this state of affairs of ours is very welcome to our masters here or at Whitehall in whom, really speaking, lies sole centralised power in matters relating to the military training of British Indian subjects. Sir, if the racial discriminations between the Territorial and the Auxiliary Forces in matters of rank and in certain other respects had been done away with, as recommended by the Auxiliary and Territorial Forces Committee, and also if the doors to these ranks were made more open and free for our young men, the necessity, I believe, for this Resolution would not possibly have arisen. The Resolution which my Honourable friend has brought seeks only to provide for military training of students of colleges under Indian universities. Sir, the Resolution, as I have understood it, never even contemplates to make the possession or use of fire-arms free. Sir, I think the Government have nothing to be afraid of in this Resolution, even if we

*Speech not corrected by the Honourable Member.

admit for argument's sake the alleged existence of a terrorist movement in this country. The Resolution simply suggests that our youths may be given some sort of military training, and I submit that military training is as necessary as literary training for the healthy growth of a country in the proper direction. It teaches, above all, that great thing which I call discipline, a quality which our youths, nay, we all, so much lack. But, Sir, I know it is nothing but crying in the wilderness to expect mercy from our bureaucratic masters. I think it will not be out of place to mention here that the human material required for military training is in abundance in this country and it is simply the opportunities that are wanting for our young men to be trained in military art and discipline. In the opinion of the Esher Committee the qualities required for military activities will be more readily forthcoming and more speedily developed in University Corps composed of the literate section of the people of this country.

Thus, Sir, it is an accepted principle that the willingness on the part of the young men for getting military training is there and that the human materials are also available for being instilled in them the sense of discipline and obedience. Further, Sir, I may mention a few facts which stand in the way of the educated classes joining the Territorial Force in its existing form.

I may, Sir, with your permission read here what Major Suhrawardy said in giving evidence before the Auxiliary and Territorial Forces Committee. He said:

"It is mainly because the educated classes all over India, and especially in Bengal, want equal treatment with Europeans and Anglo-Indians, and the Resolution that was passed in the Legislative Assembly, which created this Committee also lays down that the territorial force should be made into an efficient second line of reserve to the regular Army, and also that all racial distinctions in the non-regular military forces in India, including the Auxiliary Force, should be removed. This last sentence echoes the general feeling which exists among educated Indians, as I have gathered from different people whom I have consulted in the Bengal Legislative Council and outside it. That is one of the chief reasons why there has not been a better response."

Sir, it is on account of this unwillingness on the part of our young men to join the Territorial Forces that we demand military training for our students in the colleges. That this demand is genuine on the part of our educated section will be further proved if I quote the Major again. He said:

"At the present moment I am sorry to say that our educated young men are suffering from indiscipline of the worst type and nothing will be more conducive to the betterment of the conditions in my province than to make it compulsory for every student in the university to enter the University Training Corps unless exempted under a medical certificate."

Sir, the present Resolution is just the same as was demanded by the representative of the Bengal Legislative Council deputed to lay the views of the Members of that Council before the Committee.

Sir, before I finish, I shall quote a few lines from the Report of the Auxiliary and Territorial Forces Committee on the subject:

"We recognise that at the present time there may be serious difficulties in the way of establishing Cadet Corps in all schools in India, but a beginning can be made even in schools with the teaching of elementary principles of civic duty and with physical training and elementary military drill. In the Universities the great opportunity lies, and here it is possible to communicate more advanced ideas on the subjects of patriotism and self-defence to a large and increasingly influential section of the

[Srijut Lokenath Mukherjee.]

population. We are of opinion that in the present stage of India's evolution, and for many years to come, the University Training Corps should be regarded as the most important section of the Territorial Force. By means of the University Training Corps, if properly organised and developed, it is possible to educate and influence over a number of years that large body of young men who should become the leaders of thought and the teachers of the next generation. Their training in the principles and the practice of military service will not be limited to themselves, for, when they go out into the world, they will, if their military training has been adequate, take with them the spirit of patriotism, the sense of discipline and the improved physique which will be their legacy from the University Training Corps, and their example should serve to inspire a widening circle of the people of India with a sense of the benefits which fitness for military service confers both upon the individual and the community as a whole. We therefore recommend that the University Training Corps be viewed as the foundation stone of the national army, and that no artificial limit be set to the expansion of these Corps, every encouragement being given for the formation and development on sound lines of fresh contingents in all Universities and Colleges where they do not already exist."

Sir, from the lines which I have just read the House will realise that the Committee recommended nothing more or less than what the present Resolution seeks to suggest. Sir, I strongly and wholeheartedly support the Resolution with these few remarks.

THE HONOURABLE MR. V. RAMADAS PANTULU: Sir, as at present advised, I see that the opinion of the House is against the principle of compulsion. Though I cannot agree with the arguments put forward against compulsion, I am not now anxious to force that issue on the House. After meeting one or two objections urged against my Resolution I shall signify my willingness to accept Mr. Desika Chari's amendment, if it is the sense of this House that I should do so.

Mr. Richey asked me to state exactly what steps the Government were expected to take in a matter like this, as I did not do so in my opening speech. All that is required of the Government is to help the University Training Corps with instructors and with rifles. When the universities ask for help and the Government accede to the request of the universities, that is as much as the Government is expected to do. It is not my object to place the students under the exclusive discipline and control of the military. The scheme cannot be successful without the co-operation of Government with the universities. At least five universities have asked for help and in those cases Government ought certainly to see their way to give them what they want, and not excuse themselves that rifles cannot be given because there are no arrangements for their safe custody in the vacation.

With regard to what fell from the Honourable Colonel Nawab Sir Umar Hayat Khan I may at once state that his apprehensions that I am asking for compulsory training even in the case of physically unfit people are groundless. It is far from my intention to do so. It goes without saying that what is aimed at is training of people physically fit; others will be exempted. At present there is a medical examination in all schools and colleges, and even physical culture is not forced on people not physically fit. They are exempted.

My friend Sir Annamalai Chettivar expressed an apprehension whether the proprietors of schools will be asked to share the cost of this training. My friend owns a 1st-grade college but I am surprised that he should be apprehensive of the cost. I can understand poor managers bestowing a thought on it but not Sir Annamalai. I am absolutely certain, however,

that his philanthropy would not let him grudge paying a portion of the expense. I know his magnificent charities in my province, and this is a charity which deserves his greatest consideration, and he would not grudge it.

As for Mr. Desika Chari's suggestion about framing my Resolutions in accordance with the wishes of this House or the notions of the Government, I am afraid that that is a very tall order. It would not suit me to frame my Resolutions so as to make them acceptable to the opposition. It is for Government to say what they intend to do. The acceptance or rejection of my Resolutions does not trouble me in any case in this House.

1 P.M. As a matter of fact in regard to military training, three times Resolutions were passed in the Assembly, the first of which was accepted *in toto* by the Government. It was successfully repeated twice afterwards though the Government opposed it. Six or seven years passed by, and Government did nothing. Therefore, a Resolution passed in the Legislature stands in no better position than one which is lost. I have ceased to think of the success or failure of Resolutions; it does not trouble me.

Before I sit down, I should point out that my friend Nawab Sir Umar Hayat Khan did a little injustice to the Calcutta University students when he said they did not behave properly in the Calcutta riots. The Esher Report, to which he also affixed his signature has given this gratifying account of them.

"We are told that during the latest riots at Calcutta several students of the Calcutta University Corps offered their services, which it was not, however, necessary to accept."

And I have already read another passage in which the Committee testified to the excellent disposition of the Calcutta students. Therefore, I suppose there was some lapse of memory on the part of the Honourable Member when he referred to the Calcutta University Corps. I would also remind my friend that his co-religionists at Aligarh have asked for compulsory military training and I would also ask the Honourable Major Nawab Akbar Khan to go to Aligarh and ask them for their reasons for advocating compulsory military training and that he should then urge upon the Government that they should co-operate with the Aligarh University by supplying rifles and instructors so as to make the military training compulsory

THE HONOURABLE MAJOR NAWAB AKBAR KHAN It is their folly if they are doing it.

THE HONOURABLE MR. V RAMADAS PANTULU They will correct your ideas and impressions about the question and you will alter your opinions if you go there. I am thankful to Mr. Desika Chari for having brought forward an amendment which seems to find favour with the House. I accept it and request the House to pass it.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (Education, Health and Lands Member). Sir, it is not my aim or purpose to enter a discussion on the merits of the Resolution at this stage. The Honourable Mr. Richey has clarified the point much to the advantage of the House I take it, and the trend of the discussion justifies my assumption that they have profited by that dissertation. I have risen at this stage merely for the purpose of convincing my Honourable friend Mr. Ramadas Pantulu that, although he on his

[Sir Muhammad Habibullah.]

part may be quite willing to accept the amendment which has been suggested by my Honourable friend Mr. Chari, I am not in the same happy position as he is, for some of the objections which had been urged against the acceptance of the Resolution still hold good. It has been emphasized that this is rendered impossible because of the phraseology employed in the Resolution, namely, that "the Governor General in Council should adopt measures." This cannot be done by the Governor General in Council even in respect of the amendment. All that the amendment seeks to do is to eliminate the word "compulsory" from the Resolution and substitute in its place the words "further facilities for." But the essential ingredients of the Resolution, which the Governor General in Council cannot accept, are still there. He cannot call upon the Universities to do anything in that direction. He cannot take any initiative in that matter without an application from the universities. He cannot do anything unless and until the Local Governments have been consulted as regards this very important question, and above all there is the question of finance. Who is going to foot the bill for the provision of further facilities for the military training of students in the universities? Have the universities expressed their willingness to do so? Have the Local Governments expressed their willingness to contribute their own share in that direction? There is therefore no information before the Government of India at the present moment to enable them to accept either the Resolution or the amendment, for the essence of the amendment and the Resolution are more or less the same, excepting that in the former case it is not going to be compulsory as it was proposed to be in the Resolution itself. But the obligations arising from the Resolution, namely, to adopt measures for providing further facilities for military training are there, and for the various reasons which have been explained already, the Government of India are unable to accept those obligations. They can only consult the universities; they can consult the Local Governments, but they cannot commit themselves to anything like an acceptance of the obligation to adopt measures, for that, as I have already repeatedly pointed out, is contingent upon the acceptance of those obligations, in the first instance, by the universities and in the second instance by the Local Governments, provided again that either one or both are willing to undertake the financial responsibilities arising from that commitment. This again, as I say, is a question which affects all universities in India. It is true my Honourable friend has pointed out that a few universities have given an indication of their views in this matter. . . .

THE HONOURABLE MR. V. RAMADAS PANTULU: Five out of ten, Sir.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: But there again other universities will have to be consulted. The Honourable Mr. Richey has already stated that the Inter-University Board, which was brought into existence as a result of the Universities Conference which was held in Simla three years ago and whose function, if I may say so, is to bring about a community of feeling between the various universities, to investigate into questions of common interest and to devise means for co-ordination of effort between university and university, is beginning its session from to-morrow at Benares. So I reiterate the promise which was made by my friend Mr. Richey that I shall communicate at once to that body the discussions which have

taken place in this House to-day and ask them to give us the benefit of their opinion. Seeing that the representatives of all the universities in India are members of that body, it is only to be assumed that the expression of opinion which we will get from that body would be sufficiently representative of the universities. With this assurance I hope my Honourable friend Mr. Ramadas Pantulu will withdraw.

THE HONOURABLE THE PRESIDENT: The original question was that the following Resolution be adopted:

"This Council recommends to the Governor General in Council to adopt measures for providing compulsory military training to students studying in the college classes in Indian Universities."

Since which an amendment has been moved that:

"For the word 'compulsory' the words 'further facilities for' be substituted."

The question I have to put is that those words be there substituted.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question then is that the following Resolution be adopted:

"This Council recommends to the Governor General in Council to adopt measures for providing *further facilities* for military training to students studying in the college classes in Indian Universities."

The motion was adopted.

RESOLUTION RE TREATMENT OF TUBERCULOSIS.

THE HONOURABLE SIR HAROON JAFFER (Bombay Presidency: Muhammadan): Sir, I rise with the utmost pleasure and move the Resolution which stands in my name, worded as follows:

"This Council recommends to the Governor General in Council that immediate steps be taken to call a conference to discuss the question of the provision of tuberculosis hospitals, sanatoriums and institutions for training practitioners in the treatment of tuberculosis throughout India."

Few lands, Sir, have suffered so much from the ravages of disease as India, and while a great deal has been done, both by official administration and non-official agencies, to lessen that suffering, there is still a great work to be carried on if we are to be able to look out upon a country peopled by healthy and happy citizens. Thanks to the application of the discoveries of modern science, plague and small-pox have been well-nigh conquered in India with the fight against leprosy now well under way. All credit must be given to those who have led in these campaigns against the greatest conquerors India has been trodden under, with renewed appeals that there be no diminution in the intensity of the attacks. But, at the same time, I feel I must call for the immediate attention of this Honourable House to the menace with which we are faced by the great white plague against which we have as yet for some reason or other never pitted our real strength.

The care of health, the State's concern is, and control of it, the immeasurable expansion of our knowledge of disease, and the awakening of public interest in all these matters.—these facts by themselves form a useful compendium in the progress of the country and a still more useful

[Sir Haroon Jaffer,]

index of the extent of that progress. And it is obvious that in such matters the interest of the State should not be in any degree one-sided. By careful attention to all phases of this question the British Government was able, even in the early days of health reform, to reduce the death-rate in England from 23 per 1000 in 1836 to 14 per 1000 in 1908; and since then the proportion has been reduced still further. In other words, over three lakhs of lives were being saved annually through the curing or prevention of disease, even at a time when there was neither public opinion nor medical sentiment in favour of the improvements and remedies and measures enforced. Since that time, the annual saving of life must have been more than doubled, but the figures above quoted of a time when public opinion was more or less in a similar state of *qui es cence* (and even antagonism if not total indifference) will show what can be done once a definite attempt is made. Public opinion on these matters in India is usually only stirred when we are brought face to face with a sudden calamity, such as a terrible visitation of the plague or small-pox and so tuberculosis, the white plague of the whole world, has been permitted not only to remain as a devastating scourge but to spread to a deplorable extent. It is probably too early in the campaign to call upon the Governments to make tuberculosis a notifiable disease, and thus follow the example of England and other western countries, but we can at least start off in a very definite way to combat the scourge where we know it exists, leaving it to future enthusiasts to devise plans to search out the cases of which we know nothing by making the disease notifiable.

Let us now look at the extent of this disease, and the figures that I shall quote, erring perhaps on the conservative side, will probably astound every Member of this Honourable House. Sir, a modest calculation puts the number of consumptives in India as sixty lakhs, a total which provides an annual death-roll from this disease of twelve lakhs. In other parts of the world, it has been reckoned from carefully collected statistics that one out of every seven deaths is due to consumption, with the average rising to one out of every four in large cities and crowded districts. If we calculated on this basis with Indian deaths we should have an annual death-roll of a little under the above figure, but judging by the fact that, next to fevers, respiratory diseases carry off the highest percentage of those who die annually, the estimate of twelve lakhs a year is by no means far-fetched. In every part of the world the tuberculosis germ is ubiquitous, to be found on the floors, on the walls, in the air, in the streets, in the trains, in the rivers,—and even more so in such a country as India. The estimate is that at least one per cent. of the population is infected with pulmonary tuberculosis, meaning a total of 30 lakhs suffering from this phase of the disease, with another 30 lakhs ailing with non-pulmonary consumption. Moreover, the disease is admittedly on the increase, recent official and non-official inquiry all over India having elicited the information that during the past twenty years there has been a noticeable progressive increase in the extent of infection by about 50 per cent. over the previous figures.

Sir, and what is the position regarding relieving the distress of this vast army of consumptives? According to official figures, there are barely six hundred beds in sanitoriums to accommodate these 60 lakhs of consumptives, whilst even with our chain of hospitals and dispensaries,

the average annual total of patients treated, indoor and outdoor, for respiratory diseases is less than 1½ lakhs out of the 60 lakhs who need treatment. It is admitted that sanitoriums are more or less for the middle and upper classes who can afford to pay for their treatment, but even then the accommodation available for these is woefully insufficient. And when it comes to the poorer masses who comprise the vast majority of the sufferers, it is very apparent that there are at the present time absolutely no resources available to deal with the scourge. A certain amount of relief work has during the years been undertaken by the Provincial and Central Governments, but in view of the vastness of the task, the previous efforts have been a bare tinkering at the problem. Hence my comprehensive Resolution, which I shall now deal with, in brief detail.

In view of what I have already told this Honourable House, I think, Sir, it will be agreed that the great task can only be tackled by a central organisation, working with, or perhaps composed of, representatives of the different Provincial Governments. The exact composition of such an organization and its detailed functions can be decided after this Honourable House has accepted the principle of my Resolution, but I desire to have it definitely agreed that *immediate action of a comprehensive character is necessary*. In short, the chief functions of this conference will be first, to outline a practical scheme, then to finance it, and finally, to arrange for a Central organisation to control and co-ordinate the work carried out. It is to consider all these points that I am calling for a conference.

As for the scheme to be devised by this Conference, I propose that it should first consider the establishment of a chain of hospitals, or dispensaries, or clinics, throughout India to give free treatment to all desiring it. I do not propose that these hospitals should be of an elaborate character, but should take the form of the dispensaries now established in many districts by municipalities and district local boards. It might even be possible to combine the operations of these dispensaries with the work suggested in the combating of consumption. I am of the opinion that treatment of a definite kind can be made decidedly useful, and while in this Honourable House I cannot act as an advertising agent for any particular kind of medicine, I think I am quite in order in stating that the British Government have recently, officially accepted as successful the now famous anti-tuberculous remedies of Dr. Spahlinger after exhaustive experiments for many years. Admitting this to be the case, it would seem that a ready treatment and cure is at our doors if only we like to adopt it and arrange for its wide adoption.

Now I would emphasise that I am not here acting as a propagandist for these new remedies, although far better and far more experienced men than myself have proclaimed their virtues. I am merely endeavouring to show that the solution of this great problem is not so impossible of achievement as many would suppose, and that if only we have the organisation it seems quite possible that after a careful investigation into the claims of such remedies as those I have enumerated, a definite and organised scheme for taking the remedies to the districts, could well be devised in connection with the hospitals I have already advocated.

Sir, regarding sanitoriums, I believe that there should be more of these useful institutions, although I feel that the expense involved would rather

[Sir Haroon Jaffer.]

recommend an earnest endeavour to get private philanthropists to undertake this phase of the task. It might be possible to arrange for such institutions to pay their way once they were established, and it seems to me that in such a country as India, where luxury in housing accommodation is not the rule but the exception, the establishment of a number of simple but useful sanitoriums would not be so expensive a task as appears on the face of the proposition. In this connection I am glad to state that I read with pleasure in the *Times of India* this morning that Mr. Byramji Jeejeebhoy of Bombay has given Rs. 3 lakhs to His Excellency Sir Leslie Wilson to establish an anti-tuberculosis institute in Bombay. I hope his noble example will be followed by other philanthropists.

Sir, the last part of my Resolution calls for a series of institutions for training practitioners to deal with the great white plague. This, I admit will be the last phase of the organization of any scheme for, as I have already pointed out, the preliminary work can be successfully carried out with certain additions to the existing system of dispensary services and hospital facilities. Of course if a real effort is to be made to stamp out this dread disease, it will in the future be necessary to have an army of trained practitioners, and I look forward to the time when such an army is available.

THE HONOURABLE PANDIT SHYAM BIHARI MISRA: Have we a quorum now, Sir?

THE HONOURABLE THE PRESIDENT: Let the division bells be rung.

(After a minute.)

The House is now duly constituted; the Honourable Member may resume his speech.

THE HONOURABLE SIR HAROON JAFFER: But it would seem that for the time being we shall have to content ourselves with a direct attack with the resources at present available, ultimately using the existing dispensaries as jumping off places for the establishment of larger institutions in which additional village workers can be trained. I would not ask, even despite the urgency of the subject, that we should expect to have a corps of highly-trained experts on tuberculosis to carry out this work, for I fear that in such cases we often demand too elaborate a system of workers. A body of practitioners, who know the principal causes of the disease, who know how to administer the treatment, and who would be successful in explaining the preventive measures to be adopted, are the practitioners that are needed, and I feel that such a body could easily and speedily be trained once the general scheme of operation was started.

I hope, Sir, I have made plain my proposal. As I have tried to make clear, I am merely breaking the ground in this Resolution, believing that once the gravity of the situation is realised there will be the right kind of co-operation forthcoming to work out a plan that will be successful. It is not for a layman to presume to lay down the details of such a campaign; all I desire to do in moving this Resolution is to present the picture of the need and to awaken the public and the Governments to the possibilities of defeating India's greatest scourge.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (Education, Health and Lands Member): Sir, no one can dispute the accuracy of the statement that tuberculosis is indeed a deadly human foe, and no effort to exterminate it or to eradicate it can be regarded as too great. In this as in many other matters it is not merely the forces of Government that could operate successfully, but the willing and large-hearted co-operation of the public at large would be essential. Seeing that the Honourable Mover has entered into the arena and has exhibited this great interest on behalf of those who suffer from tuberculosis, I hope that he will carry his zeal and enthusiasm further and conduct such propaganda work in his own province as would carry to the door of the ignorant and the illiterate masses the knowledge that is essential for the purpose of keeping themselves out of the clutches of this fell disease. Lest the Council may not be carried away by the impression, as a result of the very powerful speech to which they have just now listened, that the Government of India, and for the matter of that, the Local Governments also, have not grappled with the situation as seriously as they ought to have done, I deem it my duty to place before the House a few facts which will convince them that the Government of India have been doing everything possible all along. It was so long ago as in the year 1902 that the earnest attention of the Government of India was first drawn to the necessity for adopting effective measures to cope with the inroads of this epidemic. In the year 1910 Sir Pardey Lukis, the then Director General of the Indian Medical Service, whose name I take it is still remembered with affection in India, submitted a very interesting and illuminating report to the Government of India as regards the measures that should be adopted for the purpose of combating this disease. A few of the recommendations which were contained in that report were, the need for sanatoria for early cases, hospitals or wards for advanced cases, dispensaries to treat patients living in their homes, farm colonies, open-air schools, promotion of philanthropic agencies, such as anti-tuberculosis societies, and the improvement of school hygiene. And the Central Government circulated these instructions to the Local Governments, with the result that in most of the provinces activities have since been in operation. A number of sanatoria have been brought into existence and I think there are about 18 of them in India now. Separate dispensaries and special wards in the existing large hospitals have been opened and have been set apart solely for the use of tuberculosis patients, and improvements of various other descriptions have been brought into existence. The Government of India, not content with the activities referred to above, also entrusted the task of further investigation into this disease to the Scientific Advisory Board which consists of very eminent experts in all branches of medical science. Further, the Indian Research Association, which is largely financed by the Government of India, are still conducting investigations into the connection between bovine tuberculosis and human tuberculosis. I should therefore maintain, and maintain with emphasis, that the Government of India have been doing everything possible under the circumstances and that they were never negligent. The Local Governments also, I must claim, have, with the funds at their disposal, tried to cope with this very difficult problem. Since 1921, however, the problem has assumed a different complexion. Honourable Members are aware that medical administration and public health have from that time been provincial transferred subjects. It is now for the Ministers in charge to start necessary measures in this direction, and it

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is not therefore for the Government of India any longer to take the initiative, but they will certainly help these Local Governments with information and advice in the light of the opinions which they get from their own experts. Doctor Lankester, who was deputed in the year 1914 for the purpose of conducting investigations, submitted a very valuable report and that is also in the hands of the Local Governments for necessary action. I merely mention these facts to convince the House that the Government of India have not been negligent so far, and that Local Governments have also not been remiss. We are fully alive to the importance of this very vital question, but at the same time I will concede that if Local Governments are agreeable or consider it desirable to conduct further investigations into this disease, the Government of India will be only too glad to give the Local Governments an opportunity to consider this Resolution and to adopt such measures as they may deem expedient. I have no objection therefore to accept this Resolution on behalf of the Government.

THE HONOURABLE SIR HAROON JAFFER: Sir, I thank Government for accepting this Resolution.

THE HONOURABLE THE PRESIDENT: The question is that the following Resolution be adopted:

"This Council recommends to the Governor General in Council that immediate steps be taken to call a conference to discuss the question of the provision of tuberculosis hospitals, sanatoriums and institutions for training practitioners in the treatment of tuberculosis throughout India."

The motion was adopted.

The Council then adjourned till Eleven of the Clock on Wednesday, the 9th March, 1927.

COUNCIL OF STATE.

Wednesday, 9th March, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN:

The Honourable Mr. Alexander Montague Stow, O.B.E. (Delhi: Nominated Official).

QUESTIONS AND ANSWERS.

ACTION TAKEN ON THE RECOMMENDATIONS OF THE REFORMS INQUIRY COMMITTEE.

150 THE HONOURABLE SIR PHIROZE SETHNA: Will Government be pleased to lay on the table a statement showing the action taken on each of the recommendations of the Reforms Inquiry Committee?

THE HONOURABLE MR. H. G. HAIG: There is nothing to add to the reply given to the Honourable Member's question No. 91, dated the 31st August, 1926, by Mr. Crerar except that the amendments to give effect to recommendations Nos. 19 and 30 have since been made.

REPORTS FROM PROVINCIAL GOVERNMENTS ON THE WORKING OF THE REFORMED CONSTITUTIONS.

151. THE HONOURABLE SIR PHIROZE SETHNA: Have Government called for and received reports from Provincial Governments on the working of the reformed constitution during the last two official years? If so, will they be pleased to place them on the table? If not, will Government be pleased to state why these have not been called for?

THE HONOURABLE MR. H. G. HAIG: Government have not asked for reports on the working of the constitution during the last two years, as they did not consider that annual reports were necessary. The question, however, of getting reports which will give a picture of the working of the second reformed Councils will be considered shortly.

RETRENCHMENTS IN THE EXPENDITURE OF THE GOVERNMENT OF BOMBAY.

152. THE HONOURABLE SIR PHIROZE SETHNA: Is it a fact that the Government of Bombay have submitted, for approval and sanction, certain proposals for retrenchment in their expenditure? If so, what are those proposals and have they been sanctioned?

THE HONOURABLE MR. A. F. L. BRAYNE: The question is not understood. If the Honourable Member would kindly let me know to what he refers I shall be glad to endeavour to give him an answer.

ACTION TAKEN ON THE RECOMMENDATIONS OF THE INDIAN AUXILIARY
AND TERRITORIAL FORCES COMMITTEE.

153. THE HONOURABLE SIR PHIROZE SETHNA: (a) Will Government be pleased to state what progress has been made in the matter of the action to be taken on the recommendations of the Indian Auxiliary and Territorial Forces Committee?

(b) If Government cannot yet report, will they state their reasons for the delay?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) and (b). My Honourable friend is referred to the reply given on the 8th February to part (a) of question No. 26.

RULE 12-A OF THE BOMBAY LEGISLATIVE COUNCIL RULES.

154. THE HONOURABLE SIR PHIROZE SETHNA: (a) Referring to the new Rule 12-A of the Bombay Legislative Council Rules, will Government be pleased to state whether there was any correspondence with the Government of Bombay on the subject of the Rule?

(b) If so, will Government be pleased to place the correspondence on the table?

THE HONOURABLE MR. S. R. DAS: (a) The rule in question was inserted in all the Provincial Legislative Council Rules as a result of the recommendation contained in paragraph 80 of the Report of the Reforms Inquiry Committee, 1924. The Bombay Government along with other Local Governments, was consulted regarding this recommendation before the rule was made.

(b) Government do not propose to lay the correspondence on the table.

ROCKEFELLER FOUNDATION FELLOWSHIPS.

155. THE HONOURABLE SIR PHIROZE SETHNA: Will Government be pleased to state:

- (a) whether they are asked to nominate any persons for scholarships tenable at the Rockefeller Institute in America;
- (b) if the answer to (a) is in the affirmative:
 - (1) what are the qualifications required;
 - (2) how many nominations have to be made every year;
 - (3) what is the amount of the scholarship and for what period is it given;
 - (4) whether Indians and Europeans or only Indians have to be nominated;
 - (5) names and qualifications of persons nominated, year by year, from the date of the first nominations;
- (c) (1) whether applications are invited by advertisements in the Press;
- (2) if not, what other steps are taken for selecting suitable candidates;

(d) how many of the men selected were Government servants and how many were not in Government employ; and

(e) (1) how many of the scholarship-holders have returned to India and whether they have been posted to any special work connected with the special subjects they have studied at the Institute;

(2) details of such postings and the work done?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) Yes.

(b) (1) The candidate is expected to possess high professional and scientific qualifications besides a good character.

(2) No definite number of fellowships has been fixed.

(3) A fellowship provides for the payment of a definite monthly sum which varies according to the country in which a fellow happens to be studying. The usual rate in the United States is \$120 a month for a single and \$182 for a married fellow. Nor is a definite term fixed for a fellowship. The appointment is usually one year in the first instance, but can be extended for a further period by the Board.

(4) Only Indians can be nominated.

(5) Nominations were made for the first time in 1922, and again in 1926. The names and qualifications of the nominated persons are given in a statement which I have placed in the Library of the House

(c) (1) No.

(2) Local Governments are asked to make nominations. The candidates so nominated are arranged in order of preference according to their qualifications by the Scientific Advisory Board and the final selection is made by the Rockefeller International Health Board itself.

(d) Only one of the selected candidates was not a Government servant.

(e) (1) Five Every endeavour is made to find suitable employment in which the returned scholars can make practical use of their special knowledge and experience, but as public health is a transferred subject in Governors' provinces, the matter is one primarily for Local Governments to decide.

(2) The details are given in a statement which I have placed in the Library of the House.

THE HONOURABLE SIR PHIROZE SETHNA: I understood the Honourable Member to say that nominations are not made every year. If that is right, will the Honourable Member say at what interval of time a nomination or nominations is or are made?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: As I have already said, they are not made every year

THE HONOURABLE SIR PHIROZE SETHNA: Is there no limit, that so many are to be nominated in a year or so many every two years?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: The nominations are made only when we are asked by the Board to nominate.

CONTRIBUTION BY INDIA TO THE LEAGUE OF NATIONS.

156. THE HONOURABLE SIR PHIROZE SETHNA: (a) Is it a fact that the contribution by India to the expenses of the League of Nations has now been fixed at 56 units out of the total of 937?

(b) If this is not correct, will Government give the exact figure, also stating in Rupees or Sterling the amount to be paid by India?

THE HONOURABLE MR. S. R. DAS: (a) As a result of Germany having been assessed at 79 units the total of the units in the scale of allocation is now 1,015, of which 56 are payable by India.

(b) The actual amount payable by India in any year depends on the total amount of the budget for that year. For the current year the amount is approximately Rs. 7,17,615.

THE HONOURABLE SIR PHIROZE SETHNA: The number of units is now raised, according to the Honourable the Law Member, from 937 to 1,015, and yet I understood him to say that the units to be paid by India are the same as before. Is that correct?

THE HONOURABLE MR. S. R. DAS. That is so.

THE HONOURABLE SIR PHIROZE SETHNA: Should there not be a corresponding reduction?

THE HONOURABLE MR. S. R. DAS: The unit is the same, but the amount is less. It is Rs. 7,17,615.

NUMBER AND SALARIES OF INDIANS ENGAGED ON THE STAFF OF THE LEAGUE OF NATIONS.

157. THE HONOURABLE SIR PHIROZE SETHNA: Will Government be pleased to state how many Indians are engaged on the staff of the League of Nations and what their respective salaries are?

THE HONOURABLE MR. S. R. DAS: Four including two who are employed in the International Labour Office. The salaries of two are 15,300 francs and 19,900 francs per annum, respectively. The salaries of the other two are not known.

EXEMPTION FROM INCOME-TAX OF THE PORTIONS OF PROFITS PAID BY LIFE INSURANCE OFFICES TO POLICY-HOLDERS.

158. THE HONOURABLE SIR PHIROZE SETHNA: With reference to the answer to question No. 59 on 1st September, 1925:

(a) Will Government be pleased to state whether any decision has been arrived at by now?

(b) Are Government aware that, after the amendment to section 16 in the Finance Act of Great Britain, the amount of income-tax paid by Life Offices in Great Britain on the same amount of profits is appreciably less than what is paid in India?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) The Honourable Member has already been informed by letters, dated October 5th and 22nd, 1925, of the decision arrived at by the Government. I place copies on the table.

(b) The Government have no information.

R. Dis. No. 15-I. T./25.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT (CENTRAL REVENUES).

Simla, the 5th October 1925.

From

V. S. SUNDARAM, Esquire,

Under Secretary to the Government of India.

To

The Honourable Mr. PHIROZE C. SETHNA,

Member, Council of State,

SIR,

Insurance Companies—Assessment of—Taxable income—Inclusion in, of profits allocated to policy-holders—Your questions in the Council of State and replies given thereto by the Hon'ble Mr. A. C. McWatters on 22nd January 1925 and 1st September 1925.

With reference to the replies given to your questions, I am directed to say that the Government of India have carefully considered the proposal to exempt from Income-tax the portions of profits which the Life Assurance Companies pay to policy-holders. The adoption of the proposal would involve a large sacrifice of revenue. Apart from this the Government of India consider that the sums in question do form part of the profits of the Companies. They therefore regret that they are not prepared to amend the Income-tax Act or rules as you suggested.

I have the honour to be,

SIR,

Your most obedient servant,

Sd. V. S. SUNDARAM,

Under Secretary to the Government of India

D. Dis. No. 879-I. T./25.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT (CENTRAL REVENUES).

Simla, the 22nd October 1925.

From

V. S. SUNDARAM, Esquire,

Under Secretary to the Government of India,

To

The Hon'ble Mr. PHIROZE C. SETHNA,

Member, Council of State,

Canada Building, Hornby Road.

Bombay.

SIR,

Insurance Companies—Assessment of—Taxable income—Inclusion in of profits allocated to policy-holders—Your letter dated the 9th October, 1925.

In reply to your letter quoted above. I am directed to say that the Government of India regret that they are not prepared to reconsider their decision in regard to your suggestion.

2. Materials were not collected for an estimate of the total loss that its acceptance would entail, but the Government of India are satisfied that it would be very large.

I have the honour to be,

SIR,

Your most obedient servant,

Sd. V. S. SUNDARAM,

Under Secretary to the Government of India.

PURCHASE OF PAINTS BY THE MILITARY DEPARTMENT.

159. THE HONOURABLE SIR PHIROZE SETHNA: (a) Will Government be pleased to state if it is a fact that the Military Department purchase paints in India from only one firm, and that the prices they pay are higher than the rates ruling in the market?

(b) Are tenders invited? If not, why not?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) No, Sir.

(b) Invitations to tender for Army requirements of paints are issued to all firms with factories in India, which are considered suitably equipped and sufficiently extensive to produce a sufficiency of paints conforming in shade and quality to those required. Orders or contracts are placed with the firms offering the most favourable rates, after taking into consideration freight, delivery charges, etc., provided that the samples, which are tested by the Government Test House, Alipore, prove in every way satisfactory.

THE HONOURABLE SIR PHIROZE SETHNA: Will His Excellency inform us as to the number of firms from whom tenders were invited?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: In 1924-25, there were 7 firms; in the following year, I think, there were 6, and in the last year there were also 6.

TRANSFER OF ADEN TO THE COLONIAL OFFICE.

160. THE HONOURABLE SIR PHIROZE SETHNA: (a) Has the attention of Government been called to the rumour prevalent in Aden that Aden is soon to be transferred from the Government of India to the Colonial Office?

(b) Will Government state if there is any truth in such report?

(c) Has their attention been called to a representation sent by Indian, Arab and Jewish merchants of Aden to the Governor of Bombay quite recently protesting against any such possible transfer?

THE HONOURABLE SIR JOHN THOMPSON: (a) Yes.

(b) It has been decided that, with effect from the 1st April next, military and political expenditure at Aden will be borne by His Majesty's Government, with a fixed annual contribution from Indian revenues. His Majesty's Government have already been in political control for the past ten years.

The administrative control of the civil affairs of the settlement (which is and will continue to be part of British India) will remain with the Government of India.

(c) No.

RESOLUTION *RE* CONTROL OF THE CRAZE FOR MEDICINAL DRUGS.

THE HONOURABLE SIR HAROON JAFFER -(Bombay Presidency: Muhammadan): Sir, I have the greatest pleasure in moving the following Resolution:

"This Council recommends to the Governor General in Council to urge all Provincial Governments to take immediate measures to control the craze for medicinal drugs by legislation for the standardisation of the preparation and sale of such drugs."

Sir, at the outset, I desire to make it known that I do not intend in this Resolution to interfere directly with the provincial control over the ordinary narcotic drugs, such as opium, for much as I would like to see a more rigid control over the sale and distribution of these narcotics, I realise that it is a matter directly connected with the excise revenue and also that the excise policy is a transferred subject. Personally I am all in favour of a complete reversal of the official attitude towards the indiscriminate sale of narcotic drugs; but I fear I must restrain myself in that direction.

Sir, my aim in bringing forward this Resolution is not so much to attempt to lay down any definite policy or to outline any definite scheme to carry out my desire for a reformation; instead, I desire to bring once more into the limelight the grave dangers fast becoming apparent all over India by the indiscriminate use of drugs by doctors in their prescriptions. Lest it should be imagined that I am a mere layman speaking of that about which I know but little, I have no hesitation in referring to the very serious allegations along this line made at the Indian Science Congress held at Lahore recently and the grave warnings that were uttered by experts. At this gathering of medical scientists the drug craze in India and the tendency for it to reach dangerous proportions were very fully discussed, and at the end of the discussion it was unanimously agreed that some control was urgently needed. It is not for me to outline just how this control should be brought about, and so I desire merely to bring to the notice of Government the two main causes of the trouble and urge that detailed inquiry be made into the methods to be devised to stave off the threatened catastrophe.

Sir, according to those who have made a special study of this subject, the general knowledge of disease has undergone a great change in India during the past half century, and is now emerging from the empirical stage to that where it is based on an accurate foundation of physiology and chemistry, not to mention aetiology and pathogenesis. Yet, despite this increased knowledge and all that might result from it, it is an unfortunate fact that the non-critical and indiscriminate use of drugs is still very prevalent, probably because of the faith retained in the efficacy of many Ayurvedic remedies of a past age. I am not in any way decrying the careful use of these latter remedies, because I have in the past strongly urged the formation of Ayurvedic research laboratories and clinics; but I wish to point out that there is a danger in too rigid a dependence upon those empirical remedies of long ago without due regard to our present increased knowledge.

What I am particularly referring to is the great temptation there is to-day for doctors to prescribe what are professionally termed, "shot-gun" prescriptions, as well as to advise patients to use all kinds of novelties

[Sir Haroon Jaffer.]

introduced so frequently on to the drug market, only in many cases to survive a very short period. I would even go further still in my denunciation and declare that there is danger in the increased advocacy by certain of the medical profession of proprietary medicines the composition of which is not known and different kinds of patent foods when more simple remedies would do just as well. At the Science Congress to which I have already referred, when this matter came up for discussion, stress was also laid on the many kinds of digestive ferments and glandular products which are frequently inactive, especially in India where proteins are so liable to decomposition. I readily agree that there is a certain amount of glamour about taking a powder which is advertised to abolish all the inps of indigestion or which staves off old age for another half a century, but there is not always the happy ending to these experiments. Similarly, in India as in other countries, there is a growing demand among the general lay public for the injection of many different sorts of serums and vaccines, as well as an increasing craze for the administration of drugs by the intravenous or intramuscular routes, and it would almost seem that the idea has gained ground even amongst medical men that drugs are only really effective when given in this way. I have not yet heard of any case in India where the monkey gland has been grafted on to an old person to make him as frisky as a full-blooded boy, but I presume it is possible that many enthusiasts getting on in years have at least made inquiries about it based on what they have read of so-called successful graftings in the West.

Sir, in a nutshell it must be said that amongst both medical men and the lay public it does not seem to be realised that in addition to a large number of useful and potent drugs there must be a vast number of the other kind on the market whose claims have never been properly demonstrated and which are prepared merely to put money into the pockets of the manufacturers. As one expert recently said:

"Every mail from Europe brings to the practitioner in India a number of new drugs for which the chief evidence of efficiency depends upon their trial in a few cases of a particular disease treated mostly by individuals who are not trained investigators. The majority of these so-called remedies have a very short life, but during this period they often enjoy a rich harvest of patronage; they are, however, useless, and practitioners frequently try them on many of their patients without doing the least good."

Sir, I might perhaps emphasise just here, that I am not launching out in this speech into a sweeping condemnation of the medical profession, for which I have the highest respect and regard. But I feel that in India, where there are so many unqualified, or only partly qualified and very inexperienced doctors practising a very rigid control should be exercised, for it is generally known that the drug habit can readily be contracted from the habitual taking of certain patent medicines, powders, and so-called tonics. I do not wish any member of the medical profession to take exception to these remarks on the drug craze and the part being played by some doctors in increasing that craze, for the cap must be worn only by those whom it fits. As I said in my opening remarks, to control this evil will be a very difficult problem, and that is why I, as a layman, have refrained from putting forward any concrete suggestions or cut-and-dried plan but have advocated a careful investigation by the different Provincial Governments into the ways and means by which my object can be attained. Such

an investigation, however, must be conducted, if possible, with the ready assistance of the medical profession, but if the very rigid professional etiquette of the medical fraternity comes in the way of giving this assistance, this obstacle must on no account be permitted to prevent the inquiry.

And in order to show that I am not taking a narrow or unbacked position, I would quote once more from the discussion at the Science Congress.

"There is also a tendency among practitioners to overdose their patients with drugs, which means that an enormous amount of money is wasted on medicines. The public in this country, more than anywhere else, have a child-like faith in medicines to cure all their ills, and judge the efficacy of a treatment by the number of medicines prescribed. Medical practitioners are often too complacent in satisfying this desire and sometimes even encourage it. It also frequently happens that a practitioner seeks new drugs because he has lost confidence in the old ones. This is due to the fact that a large number of drugs which appear for sale on the market in this country have not always the therapeutic activity which they are alleged to have. The factor of climate is of great importance: the high atmospheric temperature combined with a high degree of humidity produces deterioration of drugs during storage."

Sir, I admit that it will be a difficult problem to deal with this phase of the subject, but I submit that there should be absolutely no difficulty in seeing that the drugs and drug preparations manufactured in this country are subject to Government control to see that the quality of the preparation is at least up to the standard laid down in the *pharmacopœia*. There are many cases in which the local drug is absolutely useless, being inactive, not to mention the frequent use of inferior drugs which are often adulterated as well. The medical men also say that some preparations which can only be assayed by biological methods are put on the market without their potency ever having been tested, and boosted up by a number of so-called unsolicited testimonials from non-existent individuals.

I urge that the situation as I have pointed it to-day is no unimportant one and no transient one. The longer we leave it unattended, the more dangerous it will become and the more difficult to stem. All round the world there is a long trail of human misery and suffering due to the indiscriminate use of drugs, ostensibly as medicines but actually as narcotics and intoxicants. I have no hesitation in saying in this Honourable House that the drug problem has come to stay—until it is solved. I know we cannot solve it in a day, or in a year; but we must at least make a start to solve it. Moreover, like all problems affecting human life and welfare, it is not going to be solved by any small coterie of experts behind closed doors. It must be solved in the open, and the sooner we let the drug purveyors see this, the sooner will our task become easy. The whole question must be studied from every point of view. No single set of dogmas will ever prevail. The facts as they are, unperverted by any propaganda, must be proclaimed, or else, as long as only a part is known or heeded, the drug menace will rise and rise again and not lie down. I admit that at present the demand must have its supply, but the least we can do is to see that that supply is as safe and as pure as possible. Drugs at the best of times are not permanently good for the system; but when those drugs are themselves adulterated or lifeless or impure, then the medicine taken as a remedy becomes a poison both to body and mind. And when we have controlled the supply, then we can turn our attention in full to a reduction of the demand, ever remembering however that an over-production always means a consequent increase of the evil.

[Sir Haroon Jaffer.]

I therefore commend my Resolution to this Honourable House, Sir, and bespeak for it the cordial support of the principles I have so humbly endeavoured to lay down and of the fight that must be waged against the threatened dangers to the people of this country. We are all aware of the grip which opium and other narcotics have on the illiterate masses of this land; surely we cannot afford to allow drugs of a more dangerous character to be recommended to the more intelligent middle classes in the guise of friends only to find that the friend was an enemy and that the remedy was only an aggravation of the disease or the originator of a still more serious malady.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official) Sir, we are all indebted to our friend the Honourable Sir Ebrahim Haroon Jaffer for bringing up this important matter before this Council. I am not a medical man and cannot profess to speak on this question with any authority, but there is no doubt that during the last few years large quantities of deleterious drugs are disseminated broadcast throughout the country. I am not prepared to go to the extent of my friend Sir Ebrahim Haroon Jaffer and say that these drugs have been used by medical practitioners often with indiscrimination. That must be left to the medical profession to decide. But there is no doubt that some measure of control by Government is necessary to check the spreading and diffusion of doubtful preparations. There are various systems of medicines in the country with which nobody desires to interfere. But at the same time it must be acknowledged that it is the duty of Government to see that these deleterious and poisonous stuffs are not indiscriminately diffused without some sort of control by Provincial Governments. I must state—and I am certain my Honourable colleagues will agree—that in a matter like this it will be very difficult to exercise rigid control. If rigid control is exercised it might to a certain measure interfere with the ordinary work and occupations of many people and it might also unduly interfere with the work of the medical profession. At the same time we agree that something should be done in the matter. As I understand from the speech of my Honourable friend Sir Ebrahim Haroon Jaffer, his real object is that Government should take some steps towards preventing the indiscriminate use of many unknown medicines and also measures for the standardisation of preparation and sale of these medicines. But unfortunately, this Resolution has not been very happily worded. The Resolution asks the Government to take immediate measures to control the craze for medicinal drugs. Now, there are two matters embodied in this Resolution. In my opinion, it is impossible for Government to take immediate measures, and in the second place, I think it is also impossible to control the craze for medicinal drugs. How and what authority is to determine what is the nature of the craze and what is the volume and extent of that craze? I quite sympathise with the Honourable Mover of the Resolution that some sort of action is essentially necessary for preventing the indiscriminate use of some of these medicines, and I think that the Council ought to extend its sympathy to the Honourable Mover's Resolution to that extent only. I am not prepared to go further than that and I would, therefore, with your permission move an amendment to this Resolution in the following terms:

“This Council recommends to the Governor (General in Council to urge all Provincial Governments to take such steps as may be possible to control the indiscriminate

use of medicinal drugs and to legislate for the standardisation of the preparation and for the sale of such drugs."

If my amendment is accepted it will place all Provincial Governments in a position to examine the question from all points of view and to adopt such measures as may be possible to control the indiscriminate use of medicinal drugs. I do not feel justified to accept the Honourable Mover's Resolution as it stands and I hope that, as we are all in sympathy with the object which he has in view and which he has expressed in the course of his speech he will agree to accept my amendment:

THE HONOURABLE THE PRESIDENT: Amendment moved:

"That for the original Resolution the following be substituted:

'This Council recommends to the Governor General in Council to urge all Provincial Governments to take such steps as may be possible to control the indiscriminate use of medicinal drugs and to legislate for the standardisation of the preparation and for the sale of such drugs.'

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadian): Mr. President, when I read the terms of the Resolution, I understood the phrase "to control the craze for medicinal drugs" to mean such drug habits as opium, morphia, cocaine, *bhanga*, *ganja* and other things, but from the speech of the Honourable Mover, I see that he does not mean to interfere with the craze for such drugs, but he has made an utter condemnation against doctors for no reason whatsoever.

THE HONOURABLE SIR HAROON JAFFER: I have not condemned them. I refer my Honourable friend to my speech.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: In his speech he spoke above "the indiscriminate use of drugs by doctors". I am extremely sorry to find that he knows nothing about doctors and their work. Unfortunately, this is not the place where we shall be in a position to discuss how doctors must treat their patients, what medicine they are to prescribe and generally how they are to behave. This is not the place for it; the place is elsewhere. But, Sir, to come to this Honourable House and accuse doctors of using drugs indiscriminately, I would call it nonsense and a libel.

Sir, doctors—I myself am a doctor for the last 30 years, and here is my Honourable colleague, the Director General of the Indian Medical Service, who controls the whole medical profession in India and he will bear testimony to it—doctors use medicine to prevent disease or cure disease, and they do nothing beyond that. There may be a dishonourable exception to the rule: there might be a doctor who might make money by prescribing morphia, cocaine and opium. If my Honourable friend had said that the use of narcotic drugs ought to be put an end to, I would have supported him. So far as opium and morphia are concerned, Government are taking every sort of precaution. They are taking the precaution of preventing doctors from prescribing drugs, whereas the man in the street can get a tola of opium without any control whatsoever. Government are so careful about doctors and doctors do not misuse the narcotic drugs. To say that doctors prescribe patent medicines for patients—I do not think that any doctor, so far as I know, who is qualified, prescribes patent medicines for patients. On the other hand, it will pay the doctor to prescribe his own prescriptions instead of patent medicines. By prescribing patent medicines he will not get more than a few annas, whereas by prescribing

[Rao Sahib Dr. U. Rama Rau]

his own prescription he will certainly make more money. So, from his own standpoint, apart from the standpoint of the patient or the illness, the doctor is the last person to prescribe patent medicines. If at all some doctors prescribe patent medicines, they prescribe those patent medicines which have been accepted by the profession as the best, and which give their composition on the label. Only such standard patent medicines as are accepted by the profession as a whole are generally prescribed. But generally such patent medicines are very few and very few doctors prescribe such patent medicines and on that account a patient can never get into the habit of drugs.

My Honourable friend spoke of serum vaccines and things like that. I submit that this is not the place to bring up all those things; the place is elsewhere. He is no authority to talk on these drugs, serum and others, and things like intramuscular injection and intravenous injection, and if I were to explain them it would take not less than three hours. Sir, the craze for patent medicines is not because of doctors. It is because numerous advertisements appear in the papers, not only the Indian papers but also the English and other papers, in which the patent medicines are advertised to cure every illness on the face of the earth. If my Honourable friend had moved a Resolution to prevent these patent medicines from being advertised in India I could understand it or if he had said that advertisements must not appear in the papers regarding patent medicines, I would have entirely supported him. Or if he had moved that there should be no importation of patent medicines from foreign countries to India, I would have entirely supported him. But to say that doctors are using drugs or patent medicines indiscriminately and they must be prevented from prescribing, is something which is beyond my comprehension, and no Government, however, capable it may be, will be in a position to prevent it. The doctor has got a licence to prescribe drugs. He has got a licence to make a patient unconscious, he has got a licence to prescribe poison, and no Government can prevent him from prescribing a patent medicine to the patient. As for the monkey gland, I shall leave it to my Honourable friend and others who advocate it, but we in India have nothing to do with monkey glands. As for patent medicines and proprietary foods, some of them are good and some of them are not, and those which are good are generally prescribed. Again, it is those people who read newspaper advertisements that use patent medicines. So, until and unless the Government have some control over these patent medicine advertisements, no amount of Resolutions passed in the Council will have any effect whatsoever.

Then, again, it is said that drugs prepared locally must be standardised. I do not know what the Honourable Member meant by that. If he means that every drug that is prepared here must be examined by the Chemical Examiner and certified to be of proper standard, I agree, or that the drugs must be prepared according to the British or Indian Pharmacopœia, I agree. Every drug that is sold by an allopathic chemist is prepared according to the British or Indian Pharmacopœia and no chemist will prepare any drug for the use of his patients in any other way. My Honourable friend further said that deleterious drugs are distributed all over the place. It is not done by the doctors. People who prepare patent medicines advertise them for their own benefit and distribute them all over the country. If

he wants that Government should prevent that, I entirely agree with him. I do not know whether this Council will approve of any of the conditions which are laid down in this Resolution. So, I strongly appeal to the House to throw out this Resolution without any consideration whatsoever.

THE HONOURABLE MAJOR-GENERAL T. H. SYMONS (Director General, Indian Medical Service): Sir, I have to thank the Honourable the Mover of this Resolution for making my task easy to-day by eliminating from the discussion any reference to narcotic drugs, and I presume he considers that they are sufficiently safeguarded by the Provincial Excise Acts. The Resolution to control the craze for medicinal drugs comes down to the question of two conditions. The first part of the Honourable Mover's speech was connected principally with drugs, the taking of drugs and the relations of the patient with the doctor. The second part of his speech was confined to asking Government to exercise some control over the preparation of drugs in India. To this Resolution an amendment has been made by my Honourable friend Sir Maneckji Dadabhoy, and in that amendment he has, if I may say so, made my task easy, by enlarging upon the latter part of the amendment with which, personally speaking, I am in sympathy, namely, that there should be some control exercised either by the Central Government or by the Provincial Governments over drugs which are manufactured in India. The rest of the speech made by the Honourable Mover, namely, the question of giving drugs to patients and their relations with the doctor, has been expounded by my Honourable friend Dr Rama Rau, and I think I am safe in leaving the honour of the profession in his hands. I am sure the Honourable Mover will realise on due consideration that it is impossible for Government to interfere between the patient and the doctor. If they attempted to do such a thing, Government would step in,—where angels fear to tread. The Honourable Mover told us that there is a tendency in these days to put on the market—I use his words—“boosted up” serums, vaccines, etc., throughout the country, even when they have not been thoroughly examined, even when their contents have not been thoroughly analysed, and even when the medical man does not understand the possible or the subsequent effect of them. I do not wish to twit him, but if I remember aright, it was only two days ago when he recommended to this House that the Government should spend large sums of money in putting in the hands of certain patients a serum for which certain claims have been made, and which serum is to prevent or to cure the disease he mentioned. It may surprise him to hear that that serum, as far as the medical profession generally, specially in Great Britain, is concerned, is not accepted so readily as the Honourable Mover made out. In the first place, I think,—I am speaking subject to correction,—I am informed that even at the present moment that serum is more or less a semi-secret preparation, that it has been impossible to get hold of it and examine it thoroughly, so that one would hesitate before one recommends such a serum being placed in the hands of a doctor, who does not understand the effects of it on the patient. To enlarge on this point, I may mention a case in connection with a particular disease where a professor at Oxford some years ago found that a certain preparation when administered had a much better effect,—I won't say cure,—than any other preparations that we knew of at the time. So careful was he that this preparation should not get into the hands of the ordinary professional men,—I may be excused for using the word,—that he decided to send that

[Major-General T. H. Symons.]

preparation to only one institution in India, and that institution, I am glad to say, was Madanapalle. So that before we can place these serums and these drugs in the hands of the ordinary medical men, one has to be very very careful and make sure of the preparation, its composition, and its effects. The Honourable Mover speaks also of what he calls "shot-gun" prescriptions. I presume he meant "firing into the frown" and thereby accused, I take it, medical men of putting in a large number of ingredients in their prescriptions hoping that one would hit the mark. Well, I must say that I have seen prescriptions of that nature. We have all seen them. But there again, it is the doctors who are driven to write these long prescriptions, because of the fancies of the patient. Patients as a rule are under the impression that they are not going to get well unless there are a large number of medicines put in the prescription, and it will take us a long time to remove this impression. I may say that I have been for thirty years trying to knock that idea out of their head, and I have not yet succeeded,—I do not think I will—and if the ordinary medical man in private practice is going to set up a standard for himself and for his patients and says that one drug, or two or three drugs would be enough in a prescription, the chances are that he will soon become unpopular, he will lose his practice and his patients will go elsewhere. Therefore, although I disagree with this method of treating patients, my sympathies to a certain extent are with the medical man.

Now, in order to show that Government, and especially some of the Provincial Governments, have made an attempt to prevent prescribing a large number of drugs, I may inform the House that the Madras Government two years ago appointed a Committee to inquire into, and to draw up a plan or schedule of the drugs which are considered to be absolutely necessary for running dispensaries and mofussil hospitals. I may say, Sir, that this Committee found on inspection that certain dispensaries contained some drugs, of which I had never heard myself and which were very expensive. This Committee, which consisted of three medical men in the Madras Presidency, recommended that the number of drugs to be supplied to these dispensaries, should be reduced, and we were able to cut down our drugs by one-half if not more. I know that has been followed by another Provincial Government. So there has been some attempt by Government to discriminate and also to limit the amount of drugs which was prescribed. As regards the other special drugs which he mentioned, namely, monkey gland grafting and serum injection, I think this is not the place either to decry their demerits or to praise their merits. So that I am sure the Honourable Member will see that it is a very difficult thing for the Government to step in between the patient and the doctor as regards the craze for drugs. On the other hand, as regards Government—either the Central Government or the Provincial Government—demanding a standard for drugs manufactured in India, there I am with him. One knows that there are certain factories existing at the present moment, especially in the north and south, where drugs are being manufactured and are being put on the market; and I would be pretty safe in saying that, if they were analysed, they would not come up to the standard which they profess; thereby committing two evils, first, letting the patient down inasmuch as he is only getting 25 or 30 per cent. of the drug he thinks he is getting, and at the same time letting the doctor down inasmuch as the doctor will be giving the wrong dose and perhaps wondering why the patient does not improve, and incidentally Western

medicine gets into bad repute. In Great Britain and in America there exist Acts which control the standard of drugs manufactured. May I deal with America first? The law in America particularly, I may say, deals with all these proprietary drugs. There are other drugs like the ordinary drugs found in the British Pharmacopœia which fully satisfy a certain standard and as such are recognised, but there are a large number of proprietary drugs especially in America, and these in the interests of the public are safeguarded by what is called the Food and Drugs Act. Also there is what is called the Council Pharmacy of the American Drugs Association, which puts forward the truth as regards new preparations. It investigates all put upon the market and publishes annually a publication which is called "New and Old Non-official Remedies". In Great Britain we have what is called the Therapeutic Act. But unfortunately the terms of that Act are not nearly as comprehensive as the Food and Drugs Act of America. The Therapeutic Act deals with biological products, such as toxins and serums and digestive ferments, glandular products and insulin. Now in India there are no safeguards against the manufacturing, advertising and selling of these patent drugs. You have been given to understand from the early part of my remarks that there are many firms in India putting on the market drugs in uncertain proportions inasmuch as they have not been standardised in India and no one except the manufacturer knows their correct composition. Therefore, I am with the Honourable the Mover of the amendment when he says that it is desirable that some steps should be taken whereby drugs manufactured in India should be standardised in some form or other. And I am therefore in favour of the amendment proposed which I will read, if I may, namely:

"That this Council recommends to the Governor General in Council to urge all Provincial Governments to take such steps as may be possible to control the indiscriminate use of medicinal drugs and to legislate for the standardisation of the preparation and for the sale of such drugs."

Whether such legislation would eventually become centralised, or whether it be provincialised, I cannot say at the present moment. All I can promise is that the Central Government would get into communication with the Provincial Governments, consult them and try and arrive at some method whereby such legislation could be effected.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, I am not a medical man and my only justification in speaking on this Resolution is that both the Resolution and the amendment do not take into account the mischief that will be done to both the Ayurvedic and the Unani systems of medicine if either the amendment or the original Resolution is adopted. Sir, we know the adoption of a Resolution of this kind would give the power for mischief to those people who are in favour of the allopathic system—in fact it would be those people who would have to say what drugs are necessary and proper and what drugs are not proper. In these circumstances, you are practically empowering the advocates of one system of medicine to effectively kill the other systems of medicine, because the allopathic doctors would not be in a position to know what the Unani and the Ayurvedic drugs contain, and it will not be possible for them to learn the composition of those drugs even with the aid of expert advice as they would be in a worse position than the layman to find out the efficacy of the Ayurvedic and the Unani cures. They

[Mr. P. C. Desika Chari.]

have got a natural bias and this natural bias will very greatly tend to put out of the market all Unani and Ayurvedic preparations. After all, it is admitted that these allopathic doctors are not quite numerous or adequate for the needs of the country and we find all over India and in Burma these indigenous systems of medicine doing very useful work with the masses of the population, and it is not possible to replace those people in the near future by allopathic doctors because it is not possible to find the funds nor is it possible to have as large a number of men as is necessary to give efficient medical aid to the masses of the population all over India and Burma.

With these words, Sir, I oppose the original Resolution as well as the amendment.

THE HONOURABLE SIR HAROON JAFFER: Sir, I thank the Surgeon General for the speech he has made and the sympathy he has shown with my Resolution. As regards the speech of my friend, Dr. Rama Rau, if he has understood that my Resolution included opium, then this Resolution would not have been on the agenda to-day, because he must know that opium is Excise which is a transferred subject. I have clearly mentioned in my speech that I am not launching any condemnation against the profession at all. (*The Honourable Rao Sahib Dr. U. Rama Rau*: "You have condemned them.") It is meant to be against the inexperienced and partly-qualified doctors, and if such doctors are displeased with my remarks then it appears that the cap fits them; therefore I am really sorry for them.

As regards doctors using drugs indiscriminately, if my friend had seen the proceedings of the Medical Research Section of the Indian Science Congress which was held at Lahore, he would have found that the President himself, in his presidential address, has stated that some doctors use medicinal drugs indiscriminately.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: He is not the authority to say so.

THE HONOURABLE SIR HAROON JAFFER. I have never been against the real Ayurvedic drugs; on the contrary, I have always supported them. To cut the matter short, Sir, I am prepared to accept the amendment moved by my friend the Honourable Sir Maneckji Dadabhoi and I hope the Council will pass it.

THE HONOURABLE THE PRESIDENT. The original question was:

"That the following Resolution be adopted, namely:

'This Council recommends to the Governor General in Council to urge all Provincial Governments to take immediate measures to control the craze for medicinal drugs by legislation for the standardisation of the preparation and sale of such drugs.'

Since which an amendment has been moved:

"That for the original Resolution the following be substituted, namely:

'This Council recommends to the Governor General in Council to urge all Provincial Governments to take such steps as may be possible to control the indiscriminate use of medicinal drugs and to legislate for the standardisation of the preparation and for the sale of such drugs.'

The question I have to put is that that amendment be made.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question is that the amended Resolution be adopted.

The motion was adopted.

RESOLUTION *RE* AMENDMENT OF THE INDIAN FOREST ACT, 1878.

THE HONOURABLE MR. ANUGRAHA NARAYAN SINHA (Bihar and Orissa : Non-Muhammadan): Sir, I beg to move the Resolution that stands in my name and that runs as follows:

"This Council recommends to the Governor General in Council that he may be pleased to appoint a committee to examine Act VII of 1878 and other cognate Acts with a view to suggesting such revision thereof as may have become necessary."

Sir, the object of my Resolution is very simple. The other day when the Forest Bill was under consideration in this House certain objections were raised as to the provisions of the Act. Act VII of 1878 is nothing else but the Indian Forest Act. It was passed in 1878. Nearly half a century has gone by and no serious changes have been introduced in the main provisions of this Act. So, when the Forest Bill was under consideration certain changes were proposed to be introduced in the main provisions of the existing Act. It was then stated that the Forest Bill was merely a consolidating Bill and it did not seek to change any of the existing provisions of the Act and that therefore those amendments were not in order. It was then suggested that if a Resolution was moved on the subject the Government will consider the desirability of introducing changes in the Act which may be considered necessary. In pursuance of that suggestion I have tabled this Resolution and I believe that the Honourable Members will find no difficulty in accepting this humble request of mine.

It is perhaps not known to Honourable Members here that the working of this Act has been causing great hardship to various members of the public in the neighbourhood of which this Act is being applied. Only recently this Act has been applied to two districts in my own constituency which has resulted in considerable hardship to the residents of that place. It was pointed out then that some of the provisions of this Act are so drastic that immediate notice ought to be taken thereof so that the objectionable features may be removed. It was suggested that the Act works great hardship in the case of those who are not familiar with the various intricacies of law inasmuch as their rights are taken away without proper notice being given to them. I may refer to certain sections of the Act as they exist and make my comments to show that these sections ought to be immediately revised. The Honourable Members of this House may be aware that under section 3, the Government is empowered to constitute any forest land or waste land into a reserve forest with the consequence that all rights which may accrue in those lands cease to accrue from the moment the Government publishes its notification in the local official *Gazette*. Then the Government appoints a Forest Officer. This Forest

[Mr. Anugraha Narayan Sinha.]

Officer is authorised to notify the villages and towns in the neighbourhood of that forest land which is intended to be declared a reserve forest to the effect that any claim which exists in the population of those towns and villages should be preferred before the Forest Officer. You know, Sir, that section 6 says that such notification will be issued to towns and villages and not to the residents of those towns and villages, so much so that these notifications are insufficiently distributed and many of the residents of these localities never know anything about it. Generally three months' time is allowed for preferring claims. If any of the residents does not choose to prefer any claim either through ignorance or for any other reason the effect of this omission on their part is that they cease to have all rights which must have accrued to them from time immemorial, which they may have been in enjoyment of for ages long gone by. This omission on the part of these villagers to prefer a claim before the Forest Officer within a prescribed time entails such great hardship upon them as to extinguish all their existing rights in those forest lands which they have been enjoying from time immemorial. Sir, that is a very serious defect in the Act. They have got no right of appeal to a higher authority as to this deprivation of their rights. They must content themselves with their lot and leave the matter as it is. Probably the Honourable Members of this House do not realise what difficulty the villagers are put to on account of this drastic provision of the Act. Then if they choose to make their claims to the Forest Officer, what happens next? It is entirely within the authority of the Forest Officer to admit their claims or reject them. They have no doubt got the right of appeal to an officer who is appointed for that purpose, but you must remember that that officer is none else than another executive officer to whom the appeal is taken from the decision of the Forest Officer. One executive officer sitting in judgment upon another executive officer is not likely to inspire confidence in the people. We know very well that we are eminently satisfied with the judgment of the High Court and the judicial officers, but we have not got that amount of faith in the judgment of the executive officers where our rights are involved. We know in some cases the executive officers themselves are interested in these rights and it is not possible for them to do justice to the claims of other people in those matters in which they themselves are interested. For this reason it is very necessary that a revision ought to be undertaken of the existing provisions of the Act. The Madras Act, as it exists at present, has very many salutary provisions in it. From the decision of the Settlement Officer or the Forest Officer a party has a right to take the matter in appeal to the judicial officers and from their decision another appeal lies to the High Court. If this provision is extended to other parts of the country, it will certainly be greatly appreciated. There are other defects also in this Act. I do not propose to take the House at length into those sections of the Act, since my purpose is only to convince the House of the desirability of examining it with a view to removing all those defects which admittedly exist in the present enactment. I believe there will be no difficulty on the part of this House in acceding to this humble request of mine. With these few words I commend the Resolution to your acceptance.

THE HONOURABLE THE PRESIDENT: Resolution moved:

"This Council recommends to the Governor General in Council that he may be pleased to appoint a committee to examine Act VII of 1878 and other cognate Acts with a view to suggesting such revision thereof as may have become necessary."

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): I have an amendment standing in my name. On further consideration I have thought it necessary to drop a few words from my amendment with your permission. I want in the second line after the word "Governments" to drop the words "of the Provinces where the Indian Forest Act (Act VII of 1878) is in force". This I do because the Forest Act contains a provision that the Governor General in Council may extend the provisions of this Act to other provinces to which it has not already been extended. At present this Act has not been extended to all the provinces in India, and I think it is advisable that the Local Governments of all the provinces should be consulted in the matter. In clause (a) also I wish to substitute the words "the Indian Forest Act, 1878" for the words "the said Act".

Sir, we are all in deep sympathy with this Resolution, and we are all obliged to our Honourable friend, Mr. Sinha, for bringing forward this matter before the House. He has explained at some length the many defects existing in this Act. I do not wish to go over the same ground again, because only a week ago this question was fully discussed in this House and my Honourable friends, Sir Sankaran Nair and Mr. Ramadas Pantulu, pointed out some of the most objectionable features of the existing Act, the removal of which has my entire sympathy. This Act was passed as far back as 1878 and many of its provisions have now become obsolete, or, at any rate, they are not suitable to existing conditions. It is essentially necessary that a revision of this Act should be undertaken without any further delay. We are in agreement with the Honourable Mover of this Resolution to this extent that some of the hardships which are caused by the operation of the existing Act should be immediately removed. But the Resolution of my Honourable friend is that a recommendation should be made to the Governor General in Council that he may be pleased to appoint a committee to examine the Act. I am afraid he has selected a wrong forum for the consideration and examination of this matter. The Central Government is constitutionally unable to entertain any such request, and the Honourable the Leader of the House has so often explained with great lucidity the position of the Central Government in this matter that it would be impossible for us to press this Resolution again for the consideration of Government as it stands. Only the other day he at great length explained in this Council the position of the Government of India when a Resolution about agricultural indebtedness and the constitution of mortgage banks in India was moved by my Honourable friend, Mr. Ramadas Pantulu. I do not therefore desire to take up the time of this Council by a repetition of those arguments. I will only say that this is not the right place where a Resolution of this character can be discussed and even less adopted. The Joint Parliamentary Committee which examined the Government of India Bill has laid down definite rules and instructions and in a matter of this nature the Central Government has been divested of its powers and authority. I will draw Honourable Members' attention to those instructions as it will shorten the discussion on this Resolution as well as the amendment:

"Over transferred subjects the control of the Governor General in Council, and thus of the Secretary of State in Council should be restricted in future within the narrowest possible limits which will be defined by rules under sub-clause (3) of clause 1 of the Bill."

[Sir Maneckji Dadabhoy.]

And in pursuance of this the Secretary of State has made the rules. They are as follows :

"The powers of superintendence, direction and control under the Act or otherwise shall, in relation to transferred subjects, be exercised only for the following purposes—

- '(1) to safeguard the administration of central subjects;
- (2) to decide questions arising between two provinces in cases where the provinces concerned fail to arrive at any agreement;
- (3) to safeguard Imperial interests; and
- (4) to determine the position of the Government of India in respect of questions arising between India and other parts of the Empire'."

My Honourable friend will observe that this Resolution does not come within the limitations prescribed in these rules, and therefore it is impossible for the Central Government to entertain this Resolution as it stands. All the same we desire that this Act should be fully examined further without any delay and that those of its provisions which are not in consonance with existing conditions should be modified or substituted by other more suitable provisions. I therefore move my amendment.

THE HONOURABLE THE PRESIDENT: Amendment moved :

"That for the original Resolution the following be substituted, namely :

'This Council recommends to the Governor General in Council that Local Governments may be asked for their opinion as to—

- (a) whether the Indian Forest Act, 1878, needs any revision, and
- (b) whether, in the event of revision being decided on, the appointment of a committee would be the most suitable procedure for revising it'."

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, I am in agreement with the amendment moved by my Honourable friend, Sir Maneckji Dadabhoy, but at the same time, I must make it clear that I do not agree with any one of his reasons. I do not agree with him when he says that this Council has only the right to pass the Indian Forest Act in a consolidated form, but that it is not the proper forum for discussing the question of its revision. If any Council has got a right to do it, it is this Council which passed the Act. I have already said on a different occasion that to consolidate an Act is merely a process of scissors and gum. Acts which are as old as the hills are sometimes pieced together in the name of consolidation and the occasions are not availed of for revising them as they ought to be. I think this Council ought to have considered the question of revision also when it was consolidated. I did not agree with the Leader of the House then and I do not agree to-day with my Honourable friend, Sir Maneckji Dadabhoy, on the so-called constitutional aspect. The constitutional aspect was unfortunately put forward many a time to evade the real issue. The Government of India, I am afraid, is very anxious to evade its responsibility in many matters by raising the bogey of the conflict between the Central Government and the Local Governments. In matters in which the Central Government ought really to move but on which they are not prepared to express themselves one way or the other, they seem to take shelter under the pretext that the matter is for the Provincial Governments and not for the Central Government. However, without agreeing with any of the reasons put forward by the Honourable Sir Maneckji Dadabhoy, I am able to support his amendment for other reasons. The present

Indian Forest Act applies only to five provinces, and a portion of a sixth province. There are other provinces to which it may be extended. Therefore, I agree that it is only the Local Governments which can really advise the Central Government as to what is the proper Act that is required for the administration of the forest laws in a particular locality. The Government of India is not in a position to decide what revision this Act requires, because the Act, as it stands at present, applies only to Bombay, Bengal, Bihar and Orissa, the United Provinces, the Central Provinces and a portion of the Punjab. There are the other provinces to which it does not apply, and in which there are various local laws in operation. Therefore, the proper procedure would be to ask the Local Governments to suggest what revision is required in the Act and also to consult them if a Committee is necessary to undertake the revision. Therefore, for these reasons which are entirely different from those advanced by the Honourable the Mover of the amendment, I support it.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH Sahib Bahadur (Education, Health and Lands Member): Sir, in this case also, as in that of the Resolution which was discussed a little while ago, my task has been considerably lightened. I would indeed have felt great hesitation to accept the Resolution as it originally stood on the agenda, whatever my sympathies in favour of that Resolution might have been, because of its exact wording. But the amendment that has been moved by my Honourable friend Sir Maneckji Dadabhoy has clarified the position to such an extent that, I think, I may safely say, I can raise no objection to it whatsoever. I refrain from entering into a discussion at this stage of any of the provisions of the Act which need revision. The Honourable the Mover of the Resolution has drawn the pointed attention of the House to certain provisions which he regards as highly objectionable, but I shall, as stated already, refrain from such temptation for inasmuch as it is now conceded that the question as to whether any revision of the Act is necessary at all should be referred to Local Governments and their opinions elicited, it is unnecessary at this stage to lay any emphasis on particular provisions of the Act.

One impression, however, I think I may correct at once. I believe it has been said by everybody that this Act is as old as 1878, and that it has undergone no revision since. I may at once state for the information of Honourable Members that the Act has indeed undergone several revisions up to the year 1911. My Honourable friend, Mr. Ramadas Pantulu, while giving his blessings to the amendment that was tabled by my friend Sir Maneckji Dadabhoy, referred once more to the difference which has always existed between me and himself as regards the constitutional position governing subjects which come under the domain of the Provincial Governments, and he asked the question whether, if this Council had the authority to give its assent to the consolidation of the law relating to Forests, it had not the power to amend or alter the law, if it felt that it was objectionable. The view that was expressed by the Honourable the Law Member the other day on this identical question, and the view that has often been expressed by me in this House on kindred questions may well be recalled to mind. So far as the present Act is concerned, the Honourable the Law Member said that it was not up to this House to alter or amend the law at the stage of consolidation. But now that we have passed that stage and we are now considering my Honourable friend Ramadas Pantulu's point of view that this House has got the right to amend or alter the law, I would invite his

[Sir Muhammad Habibullah.]

attention to section 80A (2) of the Government of India Act. It is not the opinion of the Joint Parliamentary Committee, it is not an interpretation of it by the Secretary of State, it is not a venture—some attempt on my part to interpret the expression of opinion of the Joint Parliamentary Committee. But in that Act, as my Honourable friend will find, it is stated that it is open to the local Legislature of any province to repeal or alter in respect of that province any law made by any authority in British India, provided that in certain cases this can be done only with the previous sanction of the Governor General.

THE HONOURABLE MR. V. RAMADAS PANTULU: Does it mean that we cannot do it here, Sir? Local Legislatures may also repeal or alter it. The section does not take away our power.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: Now, what I wanted to make sufficiently clear was that this provision was introduced in the Act for the purpose of enabling each Legislative Council to alter an Act though it might not have been passed by the Legislative Council itself if it felt that its provisions militated against the requirements of that particular area, because it is impossible for this House to envisage the local conditions of every province and so alter the Act as to fit in with the requirements of each province. It would, therefore, mean that the Act will have to be so amplified as to codify separate provisions in it which would be of application to each and every province in India. Indeed, at the present moment the Act of 1878 does not apply to all the provinces in India. It does not apply to Madras; it does not apply to the Punjab; it does not apply to Assam; it does not apply to Ajmer-Merwara, and so on. Each of these provinces has got its own enactments. In spite of the fact that the Act of 1878 existed, and in spite of the fact that in that Act there was a specific provision giving power for its extension to any province or part of a province as the Governor General in Council may direct, these excepted provinces did not ask for the extension of the provisions of this Act to their respective areas. But in the light of their own requirements they considered it necessary to pass their own laws and those laws are now in force. Therefore, there is very great appropriateness in leaving to each Local Government and to each local Legislature to frame what laws they think are necessary for their respective areas. There is, thus, nothing wrong in the statement which was made by my Honourable friend Sir Maneckji Dadabhoy that this would be indeed a question for each Local Government and for each local Legislature to consider. I think, Sir, in response to the expression of opinion which my Honourable friend the Law Member gave the other day, that, if the Honourable Members of this House considered that the time had come for the revision of this ancient Act of 1878, it was open to them to move a Resolution, my Honourable friend Mr. Sinha has moved this Resolution and my Honourable friend Sir Maneckji Dadabhoy has brought forward a very appropriate amendment thereto. In these circumstances, I accept the amendment.

THE HONOURABLE MR. ANUGRAHA NARAYAN SINHA: Sir, without entering into a discussion of the reasons adduced in favour of the amendment, I hasten to accept the amendment moved by the Honourable Sir Maneckji Dadabhoy.

THE HONOURABLE THE PRESIDENT: The original question was:

"That the following Resolution be adopted, namely:

'This Council recommends to the Governor General in Council that he may be pleased to appoint a committee to examine Act VII of 1878 and other cognate Acts with a view to suggesting such revision thereof as may have become necessary'."

Since which an amendment has been moved as follows:

"That for the original Resolution the following be substituted; namely:

'This Council recommends to the Governor General in Council that Local Governments may be asked for their opinion as to—

(a) whether the Indian Forest Act, 1878, needs any revision, and

(b) whether in the event of revision being decided on, the appointment of a committee would be the most suitable procedure for revising it'."

The question that I have to put is that that substitution be made."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question then is that the amended Resolution be adopted.

The motion was adopted.

RESOLUTION RE LEADERS OF INDIAN DELEGATIONS TO THE LEAGUE OF NATIONS.

THE HONOURABLE SIR PHIROZE SETHNA (Bombay: Non-Muhammadan): Sir, I beg to move:

"That this Council recommends to the Governor General in Council to appoint an Indian of suitable rank and qualifications to be the leader of the Delegation representing India at the next session of the Assembly of the League of Nations and similarly at subsequent sessions thereof."

I make no apology for bringing forward this Resolution once again. I do so because this Resolution raises an issue which is of great moment to the status of India in the Councils of the Empire, and I regard it as a duty to the country to bring it forward again and again until Government have been prevailed upon to accept the principle that the head of the Indian Delegation to the Assembly of the League of Nations at Geneva should be an Indian and thereby the wishes of this House and the country at large be respected. It is exactly three years since I first brought forward this Resolution. I moved it on the 10th March 1924. The Honourable Sir Muhammad Shafi was then the Law Member. He was most sympathetic to the Resolution. I will quote two sentences from his speech:

"The Government of India fully recognise that the wish expressed in the Resolution which has been moved by my Honourable friend Mr. Sethna is natural. . . . The Government of India fully recognise that fact, and the House may rest assured that the proposal will receive the most careful consideration of the Government of India when the time for appointment arrives."

On this assurance and at Sir Muhammad Shafi's request, I withdrew my Resolution. The time for making the appointment was only a few months later, in September. The head of the Delegation in 1924 was not an Indian. In 1925 it was the same and I thought it was incumbent upon me tabling forward the Resolution a second time, which I did on the 17th February of

[Sir Phiroze Sethna.]

last year. Sir Muhammad Shafi was no longer the Law Member. He was succeeded in that high position by our Honourable friend Mr. Das. Mr. Das in the course of his speech made the following remarks :

" All that I can say to him is that since he moved that Resolution in, I believe, March 1924, the Government have been giving very serious consideration to it, and I am afraid I am not in a position to-day to make any definite statement as to what the Government propose to do with reference to that Resolution, but the Government hope, this year at any rate, (*that is, 1926*), to be able to make an announcement before very long as to how far Government can give effect to the proposal at the next session of the Assembly. I can only repeat what my predecessor said on the last occasion in March 1924, that the Government recognise the wish, have the fullest sympathy with the motion, and subject to what I have said as regards the constitutional position, they have every sympathy with the motion, and though I am not in a position now to accept the motion because, as I have said, it is still under very serious consideration and no definite decision has been arrived at, we do not propose from the point of view of the Government to oppose that Resolution."

Government did not oppose the Resolution and the Resolution was passed in February 1926.

The announcement of the *personnel* of the Delegation was made on the 1st of July, and again we were disappointed. I happened to be in England at the time. On July 2nd, the *London Times* had an article. It condemned the appointment of Sir William Vincent as the Leader, not from the point of view of this Resolution, but from an absolutely different point of view. The *London Times* found fault with the appointment because during the four previous years the leadership was in the hands of such persons as Lord Hardinge of Penshurst (twice), Lord Chelmsford and Lord Willingdon. I addressed a letter to the *London Times* which was published on July 21st and, with your permission, I propose to read the last paragraph of that letter :

" The names now announced show that the Government have once again flouted the wish expressed by the Legislature and have so far given no reasons whatsoever as to why they have not selected a suitable Indian as the Leader of the Delegation. In the past such eminent Indians as Lord Sinha, Sir Ali Imam, the Right Honourable Srinivasa Sastri, Sir Sivaswamy Iyer, Mr. Hussan Imam, Sir Dadiba Dalal and Sir Atul Chatterjee were selected as members of the Delegation. Any one of the above could have been selected as the Leader this year, or, if the Government desired to make fresh appointments, they certainly could have nominated some other prominent non-official Indian. If they considered it necessary that the Leader should be an official, then surely the present High Commissioner for India in London is an Indian and an official, and if he had been chosen for the position the appointment would have met with universal favour in India and would have been appreciated as an act on the part of the Government in conformity with the Resolutions moved in the Council of State with which on both occasions, Government have expressed their entire sympathy."

Now, Sir, according to the announcement, there were three Delegates and three Substitute Delegates and out of a total of six, four were Indians, two as Delegates and two as Substitute Delegates. So far, therefore, as the numbers were concerned, we have nothing to say but every reason to be satisfied, but the point we have insisted upon and which Government themselves favoured, both Law Members expressing their approval of the suggestion made in my Resolution, has not yet been met. And when this announcement was made there was a feeling in the country that Government, as I said in my letter to the *London Times*, had again flouted the wishes of this House. I cannot do better than quote a few lines from a leaderette which appeared in the *Indian Daily Mail* and which correctly

voiced the wishes of the whole country. This leaderette appeared in that paper in its issue of July 7th. It said:

"Government seem to be unaware of the painful impression which their persistent and deliberate action in making the brown man, however eminent, play second fiddle to a white man, however, mediocre, is calculated to create and does create among the nations who are represented at these Conferences by their own nationals. If it is the object of the Government to proclaim on these occasions to the world that India is a dependent country and that Indians are a subject race, they could not adopt a more effective course than the one which they have been adopting notwithstanding the protests of Indian public men. We regard the choice of Sir William Vincent to lead the Indian Deputation, as a calculated insult to the intelligence and self-respect of the Indian people."

As I have stated, the announcement of the *personnel* was made on the 1st of July. The statement which the Honourable the Law Member had promised to make was made at the meeting of the Council of State at Simla on the 24th of August. Before I quote his words on the subject let me remind the House that Sir Muhammad Shafi had informed the then Council that there was no one actually ever appointed as a leader, but in the same breath he informed the House that in actual practice it was the British member of the Delegation who, because of his position and qualifications, was chosen as the leader. The present Law Member, the Honourable Mr. Das, does not say that no selection is made of the leader. I will now quote to you his words:

"The discussions of the meeting of the Assembly invariably include in their scope difficult questions of foreign policy and internal relations. For these in the case of India under the present constitutional arrangements, the Secretary of State for India is responsible, and as a member of the British Cabinet, he is of necessity fully acquainted with the trend of the policy of His Majesty's Government in regard to these matters. It has been customary to appoint persons to lead the Delegation who, in addition to possessing personal knowledge of India and Indian conditions, have been in a position to appreciate the guiding principles of His Majesty's Government's foreign policy and are thereby specially empowered to carry out the responsibilities devolving on the Secretary of State in this regard."

Then follows this sentence:

"This system has worked satisfactorily in the past, and in present circumstances, it is thought unnecessary to depart from it."

Mr. President, I am sure the House will agree with me when I say that I regard this answer as most unsatisfactory and disappointing. It is in utter variance with the generous expressions of sympathy conveyed in this House both by the Honourable Mr. Das and by his immediate predecessor on behalf of Government. It is a strange irony of fate that the most careful consideration of the recommendation made in this Resolution should have borne fruit not in its acceptance but on the contrary in the announcement of a policy which is a direct negation of what was recommended in the Resolution, and supported by Government. In fact, the announcement sets at naught the wishes of this Council and of the country at large.

Now, let us proceed to examine the grounds upon which it is proposed to oppose the recommendation that has been made. The first is that the agenda of the Assembly of the League of Nations includes matters relating to foreign policy and international relations, secondly, that the British member alone can appreciate the guiding principles of the foreign policy of His Majesty's Government, and thirdly, it is the British member alone, and not an Indian, who can carry out the responsibilities of the Secretary of State in this regard.

[Sir Phiroze Sethna.]

As regards the first point, we do not for a moment dispute that in the agenda there are questions of foreign policy. May I ask, are there not questions of foreign policy involved in the affairs of the Government of India? And are not there Indian Members on the Council of His Excellency the Viceroy and Governor General? Are these questions set apart and isolated from the questions of foreign policy and international relations, such questions, as for example, of defence or overseas? Therefore I contend that an Indian Member is as capable of looking after these questions at the Assembly of the League of Nations as a British member of the delegation.

The second and third claim is made in favour of the British member as against the Indian member inasmuch as the Indian member will not understand the position as well. If such a contention were put forth on behalf of a member of the British Cabinet, we certainly would have nothing to say. But to advance such a claim in favour of every Britisher who is appointed as the head of the Delegation is unsound, unwarranted and amounts to casting an unjustifiable slur on the capability of a suitable Indian heading the Delegation. In fact, Sir, the suggestion is that there is no Indian, no matter however able, however distinguished his services, however high and eminent his official or public position may be, who can fill this position and be able to appreciate the guiding principles of British foreign policy. This is exactly what the statement of my Honourable friend amounts to, and I say the remarks made therein and the opinion offered is absolutely unwarranted and unjustified.

If, on the other hand, there is a suggestion which has not been made but perhaps thought of that if the head of the Delegation were an Indian he would in discussing questions of foreign policy be blind to, or would not sufficiently safeguard the interests of, the Britishers, then I say again, any such idea would do a grievous wrong to Indians placed in such high positions. We know from experience that Indians placed in high positions have invariably striven, and striven hard, to uphold the position of Europeans here and elsewhere, and if an Indian were appointed as the head of the British Delegation, there will be no fear of his not safeguarding the interests of Britishers. Indeed, to my mind, it seems that an Indian, if he were the head of the Delegation, with the support which he would get and the co-operation that would be extended to him by his colleagues, both British and Indian, and also with what expert knowledge will be available to him—and in passing I may observe that such expert knowledge is absolutely essential to all the members of the Delegation, and particularly to the Leader, be he Indian or European—with such co-operation and with the help of expert knowledge, that Indian would be able not only to fully appreciate the guiding principles of British foreign policy, but also to discharge the responsibilities devolving upon the Secretary of State in this regard.

The Honourable the Law Member has rightly observed that under the present constitutional arrangements the Secretary of State is responsible for foreign relations. Nobody disputes that. Perhaps he implies that on that account the Secretary of State has the last word in the matter of the appointment of the Leader of the Delegation. If that be so, then we urge on the Secretary of State through the Government of India to accede to the wishes of this Council and of the Indian public and to appoint an Indian as the head of the Delegation. If he does so he will be respecting

Indian sentiment, and what is more, he will draw India and England closer together. If, in the past, the Secretary of State has had any fears in regard to the capability of Indians to discharge such responsible duties, then I am sure the Government of India, from their recent experience, will be able to convince him that an Indian head is able to discharge such important functions to their entire satisfaction. I refer of course to the appointment of the Honourable Sir Muhammad Habibullah as the Leader of the South African Delegation. The Government of India themselves have expressed their cordial approval of the work done by him. I have no hesitation in saying that the appointment of an Indian member as the head of that Delegation was a master stroke on the part of the Government of India, and I hope their example will be followed by the Secretary of State. It cannot be said that suitable Indians are not available to lead the Indian Delegation to the League of Nations. Suitable Indians are available both from the official and from the non-official ranks. We do not want a Prince. We want a commoner, one who has the confidence of the people of India and who has the ability. If such a person were selected I say it would redound very greatly to the credit of the Secretary of State and help matters greatly. Sir, when reading out the statement of the Honourable the Law Member, I laid stress on his last sentence and I will read it out again. He said :

" This system has worked satisfactorily in the past, and in present circumstances, it is thought unnecessary to depart from it."

This is a very lame excuse and adds insult to injury. Does it mean that because it has worked satisfactorily in the past there is no reason to change it? The same sentence might be used as a stock reply to all attempts on our part for advancement. Because a certain system has worked satisfactorily in the past, make no change whatever. I wish this sentence had not appeared in the Honourable Member's statement. It is not in conformity with the tendency of the age; it is not in conformity with the oft-expressed professions of Government that whenever possible they will advance the interests of Indians, and further that India is to be regarded as an equal partner in the Empire. It is for these reasons that I have brought forward this Resolution once again, and I hope this time with success.

THE HONOURABLE THE PRESIDENT: Resolution moved :

" This Council recommends to the Governor General in Council to appoint an Indian of suitable rank and qualifications to be the leader of the Delegation representing India at the next session of the Assembly of the League of Nations and similarly at subsequent sessions thereof."

THE HONOURABLE MR. S. R. DAS (Law Member): I congratulate my Honourable friend on the moderate and very effective manner in which he has again placed his arguments in this House in support of this Resolution. The House will remember that when a similar Resolution was moved by my Honourable friend in February of last year I explained to the House the constitutional position of India in relation to its representation in the League of Nations, and while sympathising with the object of my Honourable friend, I explained that the Government had not at that time made up their mind and I promised that the arguments advanced by my Honourable friend would be taken into serious consideration by Government and an announcement would be made as soon as possible thereafter. As my Honourable friend has informed the House, on the 24th August last I made that announcement, a portion of which has been read out to the Council by my Honourable friend. That announcement was made after very

[Mr. S. R. Das.]

serious consideration by Government of the weighty arguments which had been advanced by my Honourable friend and other Honourable Members of this House on the last occasion. I regret that I am not in a position to announce on this occasion any alteration in the statement which I made in August 1926. I can only repeat that the Government is in full sympathy with the purpose underlying this Resolution. They realise the weight of the arguments which have been advanced in favour of the course suggested by my Honourable friend, but they are confronted by considerations which, for the present at any rate, seem to Government to carry greater weight.

I am glad that my Honourable friend has referred in such appreciative terms to the leadership of my Honourable colleague, Sir Muhammad Habibullah, of the Delegation which was sent to South Africa. But I am sure this House will recognise that the two cases are not parallel. The Indian Delegation to South Africa had to deal with questions which affected India alone *vis-a-vis* the South African Government. The Delegation to the League of Nations, on the other hand, have, as I have stated in my announcement, to deal with difficult questions of international politics and questions in which Great Britain is vitally interested; questions in which under the present constitution India must be guided more or less by the interests of Great Britain. I trust that my Honourable friend will recognise that the appointment of an Indian as the Leader of the Delegation to South Africa, at any rate, constituted a step forward in the direction in which my Honourable friend desires to move. Further, I trust this House will also consider that the fact that an Indian was appointed to lead that Delegation shows that the Government of India are always ready, whenever they are convinced that it is really to the interests of India that a particular delegation should be led by an Indian, to appoint an Indian to lead it. In this particular instance, that is to say, the Delegation to the League of Nations the Government, for reasons which I have stated in my announcement, do not feel or do not find that it is absolutely necessary in the interests of India that an Indian should lead the Delegation on all occasions. That is the difference between the two delegations.

Though I am not in a position to accept this Resolution or to make any statement which would show a move in the direction that my Honourable friend desires, I trust that my Honourable friend will not think that the Resolution which was passed on the last occasion and the Resolution of which notice has been given is without any effect at all. As my Honourable friend has mentioned in the course of his speech, in the last Delegation the number of Indians represented on it was very much larger than on any of the previous occasions. They were in a majority; there were 4 Indians and only 2 Englishmen. On the last occasion, the Government while not accepting the Resolution, did not oppose it as my Honourable friend has mentioned. They had not at that time given full consideration to that question. Since then I have made an announcement to the House and they have come to a conclusion after giving every weight to the arguments which have been advanced not only by my Honourable friends here but throughout the country. Since that decision they see no reason for the present at any rate, to alter or add to the statement which they have made. The Government are, therefore, obliged on this occasion to oppose the Resolution. I would, however, be sorry to carry the Resolution to a division.

and I would ask my Honourable friend to be satisfied with the progress that has been made, at any rate, in the increase of the number of Indian delegates and not to press this Resolution to a division.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab: Nominated Non-Official): When I first saw the Resolution I was against it from this point of view that the English people and we are under one Crown and that we need not say that India should be represented by an Indian subject of His Majesty and not by an Englishman who knows about India just as well and also about the English policy. But I have changed my view because when the English people are our great friends and want India to progress, to show to the world that India has got no representative of her own to be able to represent her interests will be a great slur on Indians, and I am sure that our friends, simply for the sake of our friendship alone, would see that such a slur is not cast on Indians. I had certain arguments to advance in this behalf, but my Honourable friend, Sir Phiroze Sethna has brought forward all the possible arguments and it is difficult for one to repeat them. For instance, I wanted to point out that, if there is any-

1 P.M. thing so confidential that only an Englishman should be in the know of it and thus nobody else can represent India, we may say that we have always had Indian Members in the Executive Council from whom nothing is hidden, and I think all of them have proved quite up to the mark when taken into confidence. Now, I do not know why an Indian should not be taken into confidence, and whenever an Indian has been taken into confidence, he has always justified his selection as will be seen from the success that has attended, the labours of our illustrious Leader of the House in the last Delegation to South Africa. There is, however, one thing that Government can do, and it is quite easy. When England is represented at the League of Nations by one of her own delegates, and when India is to be represented by an Indian, I think a capable Indian can be selected and can be placed under the English delegate selected from England; you can say the Indian selected can be called an assistant to the delegate selected to represent Great Britain at the League of Nations. The important consideration should be that the principal delegate should be an Englishman, while our own delegate should be an Indian who should be guided in all matters of foreign policy by the English delegate; in that case, the Indian representative will not be able to do anything without consulting the wishes of his English colleague. Therefore, I think, Sir, it would be quite feasible if an able Indian is selected. If it is said that there are no Indians capable enough to be selected to represent India at the League of Nations, then it will mean casting a slur upon the whole country. Another thing is that when this House has passed this Resolution once, and now it has again to pass it, I do not think it will change its views so very soon on this important question.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, we find in this matter that we have not been progressing, though we were asked by the Honourable the Law Member that we should be satisfied with the progress which has been made so far. Now, Sir, what do we find? In the first year there was an assurance, and it was a satisfactory assurance. In the second year in which I took part in the debate, there was no opposition, but the Government would not accept it. Now, this year we have progressed so far in the other direction that the Honourable the Law Member says he opposes the Resolution; and what little sympathy he expresses in the other portions of his speech is practically taken away

[Mr. P. C. Desika Chari.]

by the opposition which he makes to this Resolution. After all, Sir, I am not much convinced by the reasons which have been put forward for opposing this Resolution. Sir, we are told that difficult questions of international importance are brought forward before the League of Nations. Who is not aware of it? The League of Nations assemble for the very purpose of discussing and arriving at decisions on complicated matters of international importance. It is also said that Great Britain is vitally interested in it and that it is necessary that India should follow the lead of Britain. I am not disputing it at all. But is it necessary, because Great Britain is vitally interested in it, that India should be practically excluded, that Indians should not take the part which they ought to take as representing one of the original members of the League of Nations? If Great Britain is vitally interested, and if the explanation which has been given is accepted, then it means that it is to the interests of Great Britain to have one more vote in the name of India. And this is what I said with reference to the leader of the Delegation not being an Indian during the discussion of the Resolution last year, and I would repeat it once again. "If Indians are made to play second fiddle, then the fact that Indians are there in the delegation is not of much consequence at all". There is already the cry of six votes to one so far as the other members representing various other countries are concerned. They say that Great Britain has taken six votes in the name of India and the other Dominions, and practically their interests are identical and England has taken six votes unnecessarily. Is it not necessary to remove this aspersion in the fair name of England? Is it not necessary to give India a proper leader who would voice the feelings of India, who would show to the other members of the League of Nations that India has got a cause of her own to advocate, and that she is not blindly following the lead of Great Britain? Is it not necessary that an Indian leader who can chalk out a line of his own should be appointed, to impress upon the other members of the League of Nations that England, after all, by procuring the membership of the other Dominions, has not done so for the purpose of votes which she has indirectly secured? I say, Sir, in the interests of Great Britain and in the interests of India, the leader of the deputation representing India at the League of Nations should be an Indian. It is not enough that some more Indian members are appointed to the Delegation. It cannot be said that no Indian can be found with the requisite qualifications. It has already been explained by the Honourable the Mover of the Resolution that it is quite possible to find suitable Indians with the requisite qualifications, be he an official or non-official, to represent Indians. If that is not disputed, I do not see any reason why the Government of India should not urge upon His Majesty's Government to appoint an Indian to lead the deputation to the League of Nations. With these words, Sir, I heartily support the Resolution.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, I wish to support this Resolution, because it appears to me that the reasons which have so far been advanced for the non-acceptance of the Resolution are very inconclusive. First of all, it was said that questions of international importance would be discussed there and therefore no Indian would be suitable. I do not understand the argument. International law is widely published. We all read it and we all know it. Then why should not an Indian be able to express an opinion on international questions? What is the difficulty about it?

Then I go further. Suppose an Indian is appointed as leader of the Delegation to the League of Nations. I believe before the Delegation leave this country, the Government of India give its representatives certain instructions; I believe the Government of India place all the information in their possession; I also believe that the Government of India tell the representatives who are selected by them as to what the general policy of the Government of India is on certain matters. When these representatives go to England, I suppose they will have interviews with Members of the Cabinet and with the representatives of the British Government and the Indian Empire sitting together, and the Indo-British Empire sitting together. There are the representatives of the British Empire sitting together there—representatives of all the Colonies and of India and the British Government sitting together. They probably think out a line of policy that is to be adopted. If that is so, how is an Indian disqualified from being a member of that and giving his own views. It may be said that because they sit together and they think it out, therefore it is not necessary that a particular country should be represented by a particular person. I say that is the very reason why it should be. I remember reading in these debates—I think it was an Irishman who got up and said: 'The Indian is not my equal, he does not represent India,' and I represent Ireland. Well, that is a direct insult given to India and given in the League of Nations. You may put up with a bad word said in the street or elsewhere, but said and uttered in that way and in the League of Nations, I think that is an insult which cannot be borne—at least I felt very angry when I read that aspersion of his. An Indian gentleman will be a gentleman of suitable qualifications that is to say he will know how to steer the ship of State. Then he will have to advise his Indian colleagues. What is the danger of his being there? Why should he not be able to lead a deputation of Indians? It may be said that he has views of his own. So much the better. Then he will urge his views and the British Government will urge their views, and after all the world is governed not only by the will of one person or by the will of two persons but by the resultant of the wills of a number of persons. The Indian Empire has to be ruled and the British Empire has to be ruled, not by the wishes of England alone or the wishes of Canada alone, but the resultant of the wishes of all the members composing that Empire. If so, an Indian differing and having original views will be more welcome and he will be an advantage. Consider therefore all these things put together and the insult that was openly given and what was the misfortune of the thing that on that occasion when that gentleman gave that insult there was no reply attempted by anybody. The Indian could not speak and the representative of the British Government did not think it necessary to correct the Irishman. Now, if that is the thing we have got to put up with in international matters and be put down by our own Government and the British Government of which we form part, well I say in these circumstances I think we had better not exist at all. What is the good of being in existence if you are insulted and if you are ignored as unfit? There may be very valid reasons so far as the Government of India think, but I myself think that the Government of India have not thought the matter out properly or if they have, there are these other factors that have not been taken into consideration. These factors are very important. A man had better go hungry than go insulted. If you deprive him of his property, he will not mind, it will not be so bad in an Oriental country, and India is an Oriental country. I do not mind if a man takes away

[Mr. G. S. Khaparde.]

my purse. But he who takes away my good name, as Shakespeare says, takes away what enriches him not but leaves me poor indeed.

So, for all these reasons, I support this proposition with all the force that I can command.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, as I feel that the Honourable the Mover of this Resolution will press his Resolution to a division, I think it necessary to explain my position in this matter, as I propose to remain neutral. I am not satisfied either with the speech of the Honourable the Mover of the Resolution, or with the laboured apology given by my Honourable friend, Mr. Das. The Resolution as it is worded is in the nature of somewhat invidious character. If my Honourable friend, Sir Phiroze Sethna, had drafted his Resolution in a more reasonable manner I should have been the first to give him my support and my heartiest support. But when he proposes to shut out exclusively Englishmen as head of the Delegation for all time to come, I certainly disagree with him. He referred in his speech to equal partnership in the Empire, and yet he words his Resolution in a manner that shuts out Englishmen for all time to come from becoming a leader of the Delegation in this matter. (*An Honourable Member*: "Amend it like that.") No, I do not want to amend it at all. I think both the parties are unreasonable. I do say and I press the point, that the manner and the tone and the language of the Resolution are objectionable. My friend the Honourable Mr. Khaparde talks of insults. That feeling ought to be mutual and reciprocal. Is it not an insult to our English fellow-subjects in India, that no Englishman should ever be appointed leader of such Delegation? It is a most unreasonable demand in my opinion to make and I certainly shall not lend my support to it. On the other hand, I am entirely dissatisfied with the explanation given by my Honourable friend Mr. Das about the difficulties and the complexities of the situation and there not being an Indian who would be in a position to deal with the important problems of international law that would be placed before the League of Nations for their decision. Surely you could find one Indian out of hundreds of eminent Indians who are undoubtedly well up in International Law. Does anyone contend that my Honourable friend, the Honourable Mr. Das, knows less of international law than any European? (*An Honourable Member*: "What about Sir Maneckji Dadabhoi?") I am not satisfied. I cannot swallow an explanation of the character which has been vouchsafed by my Honourable friend, Mr. Das, on the subject. I think some *modus vivendi* ought to have been found by Government to meet the situation and I think it would be appropriate to the sentiments and aspirations of India if sometimes Government makes such appointments of Indians as head of the Delegation. Indians have been appointed as members. Why is it not possible to find one Indian as qualified to deal with and to lead the Delegation. As I find both parties are in the wrong, I shall neither support nor oppose the Resolution but remain neutral.

THE HONOURABLE SIR PHIROZE SETHNA: Sir, I think I will begin by replying to my Honourable friend, Sir Maneckji Dadabhoi. My Honourable friend considers my proposition as most unreasonable.

THE HONOURABLE SIR MANECKJI DADABHOY: Very.

THE HONOURABLE SIR PHIROZE SETHNA: Thank you. And he is not going to support it because he thinks it is not reasonably worded. May I ask my Honourable friend why he did not find fault with the identical Resolution on two previous occasions. If I remember rightly, my Honourable friend was one of my supporters.

THE HONOURABLE SIR MANECKJI DADABHOY: I challenge it. I was not present when you moved that Resolution.

THE HONOURABLE SIR PHIROZE SETHNA: May I ask if you were not present on both occasions?

THE HONOURABLE SIR MANECKJI DADABHOY: Yes, so far as my memory goes.

THE HONOURABLE SIR PHIROZE SETHNA: I am not quite sure. I have not all the debate reports by me, but my recollection is that he did support it.

THE HONOURABLE SIR MANECKJI DADABHOY: I did not.

THE HONOURABLE SIR PHIROZE SETHNA: I will accept his statement. Well, if he is not going to support me, it is fortunate he is not going to support Government, either. He refers to the Honourable Mr. Das as one understanding international law very well and consequently fit to be selected as leader.

THE HONOURABLE SIR MANECKJI DADABHOY: I shall be very glad if he is.

THE HONOURABLE SIR PHIROZE SETHNA: And I shall be very glad if Sir Maneckji Dadabhoy is himself selected as leader. He understands international law just as well as any European, who has headed the Delegation.

THE HONOURABLE SIR MANECKJI DADABHOY: That, Sir, is beside the point.

THE HONOURABLE SIR PHIROZE SETHNA: I should have thought that, if Sir Maneckji Dadabhoy had come prepared with his remarks this morning, he would have changed the views he expressed after hearing the Honourable Member who spoke before him. Mr. Khaparde drew pointed attention to the deliberate insult offered to the Indian Delegates by the Irish Delegate. Here is India, an independent member of the League of Nations, and yet an Indian does not head the Delegation. That is my answer for the manner in which I have worded the Resolution, and I hope Sir Maneckji will not therefore consider it as unreasonable as he thinks it to be. I have worded the Resolution as I have, but doubtless it was open to Government to come forward with an amendment in terms of Sir Maneckji's recommendation, but they have not chosen to make any such suggestion.

Now, Sir, as to the speech of my Honourable friend the Law Member. The Law Member has stated that there is going to be no alteration from the statement he made on the 24th August, and yet he goes on to say, "I repeat, the Resolution has my fullest sympathy." I think my Honourable friend Mr. Chari correctly pointed out what progress this Resolution was making when he said that it is going no farther but is moving backwards. Full sympathy the first time, in 1924, better still next time.

[Sir Phiroze Sethna.]

namely, no opposition in 1926, and to-day going backwards by Government saying, "We will oppose it." If the Honourable the Law Member has the fullest sympathy with the Resolution, I appeal to him to translate that sympathy into action, and the sooner he does it the better. He has given us some hope. He said, the appointment of an Indian Member as the head of the South African Delegation was a step forward, and if we waited patiently perhaps we may get an Indian to head the Delegation to the League of Nations some day. We may go on waiting for years and not get it. A promise was given in 1924, but nothing was done in that year or in 1925. In 1926, the Honourable the Law Member gave a further assurance which I am sure every Member of this House accepted as definite, that the head of the Delegation would in that year be an Indian. This was again not so.

Whether the leader is a Britisher or an Indian, will my Honourable friend say that such a leader acts on his own? He certainly does not. He is the mouth-piece of Government, whether the authority be the Government of India or the Secretary of State. He cannot act on his own. If that is so, then are Indians not even competent to carry out your instructions?

Again, my Honourable friend said that the case of the Honourable Sir Muhammad Habibullah heading the Delegation to South Africa is not on all fours with my proposal. I dispute that statement. There too there were international relations and foreign policy involved. Was there not the question of the Britishers settled in South Africa and did not Sir Muhammad Habibullah acquit himself to the entire satisfaction of the Government of India and, I hope, of the Home Government? And will not an Indian acquit himself likewise at the League of Nations? So much, Sir, in reply to my Honourable friend.

Take the case of other countries. Has any but its own national ever represented that country at the Assembly of the League of Nations? I have here a complete list of the names of delegates who went to the League of Nations from the different parts of the Empire for the six years 1920—25 inclusive. I am not going to weary you with the names, but I will just give a summary as to how they were represented. Australia, in 3 years was represented by its High Commissioner, in the other 3 years, 1920, 1921 and 1924, not by its High Commissioner but by members of the Australian Government. In 1920, the Minister of Repatriation, in 1921 a very senior Member of Parliament, and in 1924 the Attorney General for the Commonwealth headed the Delegation. Take Canada. Of the six years, in 1920 the Minister of Trade and Commerce, in 1921, the Minister of Justice

THE HONOURABLE THE PRESIDENT: Order, order. This is hardly suitable material for the Honourable Member's reply. I have not heard it suggested in the course of the debate that other countries are not being represented by their own nationals.

THE HONOURABLE SIR PHIROZE SETHNA: I will skip these particulars if you so rule. I may state to the House the reason why I refer to them. We have a High Commissioner in England. The High Commissioner is an Indian. If the Government desire to appoint an official, the Government cannot do better than follow the example of these different

parts of the Empire who, in the great majority of cases, have always appointed their High Commissioner in London.

THE HONOURABLE SIR MANECKJI DADABHOY: I quite agree.

THE HONOURABLE SIR PHIROZE SETHNA. My Honourable friend says he quite agrees. May I also point out to Sir Maneckji that it is the wish of this country that the High Commissioner for India should always be an Indian? I hope my friend . . .

THE HONOURABLE SIR MANECKJI DADABHOY: It is certainly the wish, but it has not been laid down that the High Commissioner for all times will be an Indian.

THE HONOURABLE SIR PHIROZE SETHNA. I hope that will be the practice.

THE HONOURABLE SIR MANECKJI DADABHOY: I hope it will be, but you cannot altogether shut out the Englishmen also.

THE HONOURABLE THE PRESIDENT. Order, order.

THE HONOURABLE SIR PHIROZE SETHNA: Now, Sir, I would like to quote from an interview which one of the delegates—not a substitute delegate—gave to a Bombay paper just before embarking on his mission in July or August last. I quote from the interview of Khan Bahadur Abdul Quadir. He said:

"It is satisfactory to India that this time two of us have been nominated by Government to be members of the Delegation of Geneva. It is also felt that there should be more scope given to the Government of India in making arrangements for the representation of India than is done at present. There is no reason why India should not have a more effective voice in its representation, when its status as a member of the League of Nations, in its own right, is recognised."

I quote this to show that the delegates themselves think that there is something radically wrong which needs to be looked and remedied.

Now, Mr. President, I will not keep the Council longer. I repeat once again, as I said in the concluding portion of my opening speech, that I hope I do not move my Resolution this time in vain. I note that it will be an important concession. Without such concessions you will not advance us in the path of self-government. It is necessary; whether an Indian is appointed every year or, as my Honourable friend Sir Maneckji suggests, on some occasions. . . .

THE HONOURABLE SIR MANECKJI DADABHOY: Or alternately.

THE HONOURABLE SIR PHIROZE SETHNA: . . . the concession is necessary. Concessions are interpreted by some as "a policy of scuttle". But that is a mistake to my view of thinking. It is the "die-hards" who have to scuttle when popular feeling grows too strong for them. There can be no greater loss of prestige than to concede to clamour what was refused to common sense. And in the name of common sense I appeal to the Government once again to consider this Resolution and to carry out the wishes recommended there.

THE HONOURABLE THE PRESIDENT: The question is:

"That the following Resolution be adopted, namely:

'This Council recommends to the Governor General in Council to appoint an Indian of suitable rank and qualifications to be the leader of the Delegation representing India at the next session of the Assembly of the League of Nations and similarly at subsequent sessions thereof.'

The Council divided :

AYES—25.

Akbar Khan, The Honourable Major Nawab Mahomed.
 Annamalai Chettiyar, The Honourable Sir S. R. M.
 Desika Chari, The Honourable Mr. P. C.
 Govind Das, The Honourable Seth.
 Jaffer, The Honourable Sir Haroon.
 Khaparde, The Honourable Mr. G. S.
 Mahendra Prasad, The Honourable Mr.
 Manmohandas Ramji, The Honourable Mr.
 Muhammad Ali Muhammad Khan, The Honourable Maharaja Sir. of Mahmudabad.
 Mukherji, The Honourable Srijut Lokenath
 Oberoi, The Honourable Sardar Shivdev Singh.
 Ram Saran Das, The Honourable Rai Bahadur Lala.
 Ramadas Pantulu, The Honourable Mr. V.

Rama Rau, The Honourable Rao Sahib Dr. U.
 Ranga Rao, The Honourable Raja Sri Ravu Swetachalapati Ramakrishna Bahadur, of Bobbili.
 Sankaran Nair, The Honourable Sir Chettur.
 Sethna, The Honourable Sir Phiroze C.
 Sett, The Honourable Rai Bahadur Nalinath.
 Singh, The Honourable Raja Sir Harnam.
 Singh, The Honourable Raja Sir Rampal.
 Sinha, The Honourable Mr. Anugraha Narayan.
 Suhrawardy, The Honourable Mr. M. Umar Hayat Khan, The Honourable Colonel Nawab Sir.
 Wacha, The Honourable Sir Dunshaw Edulji.
 Zubair, The Honourable Shah Muhammad

NOES—18.

Brayne, The Honourable Mr. A. F. L.
 Charanjit Singh, The Honourable Sardar.
 Commander-in-Chief, His Excellency the.
 Corbett, The Honourable Mr. G. L.
 Das, The Honourable Mr. S. R.
 Evans, The Honourable Mr. F. B.
 Forest, The Honourable Mr. H. T. S.
 Habibullah, The Honourable Khan Bahadur Sir Muhammad. Sahib Bahadur.
 Haig, The Honourable Mr. H. G.

McWatters, The Honourable Mr. A. C.
 Misra, The Honourable Pandit Shyam Bihari.
 Rainy, The Honourable Sir George.
 Stow, The Honourable Mr. A. M.
 Swan, The Honourable Mr. J. A. L.
 Symons, The Honourable Major General T. H.
 Tek Chand, The Honourable Diwan.
 Thomas, The Honourable Mr. G. A.
 Thompson, The Honourable Sir John Perronet.

The motion was adopted.

THE HONOURABLE SIR ARTHUR FROM (Bombay Chamber of Commerce): Sir, I have a suggestion to make to Honourable Members of this Council. The list of business to-morrow is an extremely short one and I would suggest that the Honourable Mr. Ramadas Pantulu's Resolution be taken at the end of to-morrow's business—this, of course, if the Honourable the Leader of the House has no objection and if you yourself are in agreement with my suggestion. I would say that I have asked the Honourable Mr. Ramadas Pantulu and he has no objection to his Resolution being postponed by one day.

THE HONOURABLE SIR MUHAMMAD HABIBULLAH: I think it will generally meet the convenience of the House if we do not meet again this afternoon for the purpose of discussing the only Resolution left. It may very well be taken up to-morrow and then we shall have business which will be sufficient up till the lunch hour.

THE HONOURABLE THE PRESIDENT: I would remind Honourable Members that arrangements have been made for the taking of a photograph before to-morrow's meeting at 10-30 A.M. After what has been suggested and accepted by Honourable Members the Council will now adjourn till to-morrow morning at 11 o'clock.

The Council then adjourned till Eleven of the Clock on Thursday, the 10th March, 1927.

COUNCIL OF STATE.

Thursday, 10th March, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTION AND ANSWER.

ASSISTED EMIGRATION OF INDIANS IN SOUTH AFRICA TO COUNTRIES OTHER THAN INDIA.

THE HONOURABLE SIR S. R. M. ANNAMALAI CHETTIYAR: Sir, the question of which I gave notice yesterday is this:

(a) Are Government aware that there is some apprehension in India regarding the exact intention of the provision in the recent agreement on the Indian question in South Africa that the Union Government will organise a scheme of assisted emigration to countries other than India?

(b) Will they be pleased to state what the exact implications of this provision in the agreement are?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) Yes.

(b) The phrase "other countries" is intended to cover emigration to Ceylon and Malaya, to which countries emigration from India is already allowed, and to enable the Union Government to meet applications from Indians born in Mauritius and elsewhere who wish to return to their place of birth. If at some future date the Union Government decide to afford facilities for emigration to other countries, they will doubtless consult the Government of India.

REPEALING AND AMENDING BILL.

THE HONOURABLE MR. S. R. DAS (Law Member): Sir, I move that the Bill to amend certain enactments and to repeal certain other enactments be taken into consideration.

I do not think I need take up the time of the House at any length with regard to this measure. I explained it at some length at the time of introduction and the Statement of Objects and Reasons fully explains the amendments made which are more or less of a verbal and consequential nature. Most of these amendments are for the purpose of including the Royal Air Force where certain provisions relate to the Army and Navy. Sir, I move.

The motion was adopted.

Clauses 2, 3, and 4 were added to the Bill.

The First and Second Schedules were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. S. R. DAS: Sir, I move that the Bill be passed.

The motion was adopted.

SEA CUSTOMS (AMENDMENT) BILL

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I move that the Bill further to amend the Sea Customs Act, 1878, for a certain purpose, be taken into consideration.

Under the law as it stands at present a rebate of customs duty on goods which have been damaged or deteriorated at the time of entry is only allowed when the duty is charged *ad valorem*, but this is not done where specific duties are levied. Now, there is a tendency for specific duties to take the place of *ad valorem* duties, with the result, for example, that certain articles, such as sugar, paper and matches, which are liable to deterioration, have lost the concession of rebate of customs duty on account of damage or deterioration. The purpose of this amendment is to secure to Government the power to grant rebate in certain cases where specific duties are charged. Sir, I move.

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. F. L. BRAYNE: Sir, I move that the Bill be passed.

The motion was adopted.

INDIAN LIMITATION (AMENDMENT) BILL. .

THE HONOURABLE MR. S. R. DAS (Law Member): Sir, I move that the Bill further to amend the Indian Limitation Act, 1908, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration.

This Bill seeks to amend Article 182 of the Limitation Act. Under that Article as it at present stands the period of limitation for a second application for execution begins to run from the date of the previous application. This Bill seeks to make that date not the date of the application but the date of the final order passed on the previous application. Sir, I move.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question is:

“That clause 2 do stand part of the Bill.”

THE HONOURABLE MR. S. R. DAS: Sir, I move as an amendment:

“ That in clause 2 :

- (i) after the figures ‘ 182 ’, the letter and brackets ‘ (a) ’ be inserted; and
- (ii) after the words ‘ shall be substituted ’ the following be added, namely :
‘ and

(b) for clause 6 of the same entry the following shall be substituted, namely :

‘ 6. (in respect of any amount, recovered by execution of the decree or order, which the decree-holder has been directed to refund by a decree passed in a suit for such refund) the date of such last-mentioned decree or, in the case of an appeal therefrom, the date of the final decree of the Appellate Court or of the withdrawal of the appeal ’.”

I may mention to this House that I am moving this amendment by reason of an amendment that was moved when this Bill was in the other House and which was withdrawn on my undertaking to look into the matter and agreeing to move the amendment in this House. The matter stands in this way. As the House has noticed, the original Bill sought to amend Article 182 by making the date of limitation run from the date of the final order and not from the date of application. It was pointed out that there may be cases, and in fact a case did occur in the Madras High Court, where after the final order a suit was brought to set aside the order and in which a decree was subsequently made ordering the person who had executed the decree to refund monies which he had obtained in execution, with the result that three years having passed from the date of the final decree in execution he could not proceed any further with the execution of his decree. This amendment is intended to remove that difficulty, that is to say, if after an application for execution a decree-holder obtains relief and if subsequently by reason of a decree in a subsequent suit he is asked to refund the amount realised in execution, he should still have time from the date of the subsequent decree to apply for execution in respect of the decree which he had previously obtained. Sir, I move.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): I do not propose to oppose this amendment in any way. I am not sure as regards the word “ final ”. I do not know if my Honourable friend prefers the word “ final ” to the word “ last ” order. I am not sure whether the word “ final ” is not likely to lead to some complexity and confusion in connection with the determination of what “ final ” means. The Honourable Member has probably considered the matter.

THE HONOURABLE MR. S. R. DAS: We have considered the matter. It was brought to our notice in the other House. “ Final ” means the final court of appeal—the decree made by the final court of appeal whichever that may be.

The motion was adopted.

Clause 2, as amended, was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

“ That clause 1 do stand part of the Bill.”

THE HONOURABLE MR. S. R. DAS: I move as an amendment:

“ That in sub-clause (1) of clause 1, for the word ‘ Amendment ’ the words ‘ Second Amendment ’ be substituted.”

[Mr. S. R. Das.]

This has arisen from the fact that we had omitted to notice when the Bill was first printed that this is the second amendment to the Limitation Act. It is merely a formal matter.

The motion was adopted.

Clause 1, as amended, was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE MR. S. R. DAS: I move that the Bill, as passed by the Legislative Assembly and amended by the Council of State, be passed.

The motion was adopted.

RESOLUTION *RE* DAILY ALLOWANCE OF MEMBERS OF THE COUNCIL OF STATE.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadian): I beg to move the following Resolution which stands in my name:

"This Council recommends to the Governor General in Council to take early steps to give effect to the following recommendations of the Committee appointed to inquire into the privileges and status of Members of the Council of State:

- (1) that Members should be permitted to draw daily allowance for a period of three days' residence before and after the meeting of the Council, instead of the existing period of 7 days;
- (2) that, in the case of non-official Members, a daily allowance at half the daily rate admissible during a Session should be paid for days occupied in travelling to and fro from the place of sitting of the Council, provided that the same privilege is extended to the Members of the Legislative Assembly; and
- (3) that a member, who is a resident of the place in which the Council is sitting, should be made eligible for daily allowance for days on which he attended a sitting of the House or of a Committee of which he is a member."

I shall very briefly state the history of this Resolution. On the 15th February, 1926, my Honourable friend Dr. Rama Rau moved a Resolution in this House to the following effect:

"That this Council recommends to the Governor General in Council to amend the rules relating to the travelling and daily allowances admissible to Members of this Council in such manner as:

- (a) to reduce the period preceding the commencement and following the termination of a Session for which daily allowance may be drawn from seven to three days; and
- (b) to deprive non-official Members of the Council of State of their existing option of reserving a first class railway compartment for their personal use and drawing the actual cost of reserving the compartment in lieu of travelling allowance of 1 3/5ths of a first class fare."

To that Resolution I moved an amendment in the following words:

"That this Council recommends to the Governor General in Council that the Members of this Council be placed on the same footing as the Members of the Legislative Assembly in the matter of honours, emoluments and allowances."

After the Resolution was debated upon for a sufficiently long time Mr. K. C. Roy, who was then a Member of this Council, felt that matters like

this should in the initial stage be discussed in a Committee instead of in the open House. On that ground he moved that the discussion be adjourned *sine die* with a view to bring up a proper motion for the appointment of a Committee. That motion was adopted unanimously by this House and later on, on the 8th March, Mr. K. C. Roy moved a Resolution for the appointment of a Committee. Originally it was understood that the Honourable Dr. Rama Rau should make the motion for the appointment of the Committee but, unfortunately for reasons which it is unnecessary to state here, neither Dr. Rama Rau nor myself was able to take part in the proceedings of the 8th March. Therefore, my friend Mr. K. C. Roy moved the following Resolution :

"That this Council do appoint a Committee under the Chairmanship of the Honourable the President and consisting of the Honourable Sir Muhammad Habibullah, the Honourable Mr. S. K. Das, the Honourable Mr. Crerar, the Honourable Sir Arthur Froom, the Honourable Mr. Khaparde, the Honourable Raja Sir Rampal Singh, the Honourable Colonel Nawab Sir Umar Hayat Khan, the Honourable Mr. Ramadas Pantulu, the Honourable Dr. U. Rama Rau and myself to inquire into the privileges and status of Members of this Council and to make recommendations."

This Committee met some time after Mr. K. C. Roy ceased to be a Member of this House, that is on the 30th August, 1926. You will find from the paper placed in your hands, which contains the recommendations of that Committee, that the Honourable Sir Muhammad Habibullah, the Honourable Mr. S. R. Das, the Honourable Mr. J. Crerar, the Honourable Sir Arthur Froom, the Honourable Colonel Nawab Sir Umar Hayat Khan, the Honourable Sir Dinshaw Wacha and myself were the members who attended the committee. Various proposals were placed before the Committee which related to the privileges of Members of this House. I have confined my Resolution to the three matters on which there was a practically unanimous agreement among the members of the Committee. The recommendations of that Committee which are embodied in paragraphs 4, 5 and 8 of the Report now form the subject-matter of my Resolution. Paragraph 4 runs thus :

"The Honourable Mr. Ramadas Pantulu suggested that Members should only be permitted to draw daily allowance for 3 days' residence before and after meetings of the Council instead of for 7 days as at present. The Committee decided unanimously to suggest to the Council to recommend to the Government to reduce the existing period of 7 days to 3 days provided that a majority of the non-official Members of the Council are of that opinion."

This forms the first clause of my Resolution. The second clause of the Resolution is embodied in paragraph 5 of the Committee's recommendations :

"The Committee unanimously decided to suggest to the Council to recommend to Government that in the case of non-official Members a daily allowance of half the daily rate admissible during a Session should be paid for the days occupied in travelling to and from the place of sitting of the Council

provided :

(a) that the same privilege is extended to Members of the Assembly; and

(b) that the proposal meets with the approval of a majority of the non-official Members of the Council."

That forms the second part of my Resolution. The third clause of my Resolution is embodied in paragraph 8. My Honourable friend Sir Arthur Froom suggested to the Council that Members who are residents of Delhi

[Mr. V. Ramadas Pantulu.] *

or Simla, when they attend meetings of the Council or meetings of committees thereof, should be also entitled to daily allowance. The Committee's recommendation is to be found in that paragraph:

"The Honourable Sir Arthur Froom proposed that a Member who is a resident of the place in which the Council is sitting should be entitled to receive daily allowance. The Committee decided to suggest to the Council to recommend to Government that in such cases a Member should be made eligible for daily allowance for days on which he attends a sitting of the House or of a Committee of which he is a member."

Various other proposals were negatived by the Committee and I have not thought fit to bring them up again for discussion in this House. In the normal course Mr. K. C. Roy should have taken charge of this Resolution, and in his absence I have done so. I do not wish to say anything with regard to the merits of these clauses, because they relate to matters which affect all non-official Members personally. They know exactly what is best for them. It is not for me to say what is best for them. They will consider their own interest in this matter as well as the interests of the tax-payer from whose pocket the allowances are paid. They have to consider both interests, and their decision will be judged by the country as the decision of responsible legislators who are dealing with their own allowances. I trust they will be fully alive to their sense of responsibility in this matter. On the first occasion when I moved my amendment, I stated how the position stood with regard to the various Legislatures in the Empire and how the Members of the second Chambers were treated elsewhere with regard to the allowances they got and so on. I have made a fairly full statement of the position of second Chambers in other countries and it is unnecessary to repeat it again. We have now these three definite proposals. Without taking more time of the House, Sir, I would request you to put these three clauses separately. I found in the course of my conversations with some of my colleagues outside the Council that, while they were prepared to accept some of the clauses, they were not agreeable to others. I cannot say what the collective opinion of non-official Members as a body will be, but I know there are at least some who are only willing to accept some parts of the Resolution. Therefore, I think it will conduce to the convenience of non-official Members if you are pleased to put these clauses separately. With these words, Sir, I move my Resolution.

THE HONOURABLE MR. S. R. DAS (Law Member): Sir, I propose to leave this motion to be voted on by the non-official Members of the House. No official Member of the House will vote on this Resolution. I think the House will agree that this is a matter which should be decided entirely by the non-official Members, but I think I ought to indicate to the House the view that the Government take with regard to these recommendations. So far as the first recommendation is concerned, if this House passes it the Government have no objection. So far as the second recommendation is concerned, the position as the Government view it is this. The Members of this House are entitled to reserve a compartment. If they reserve a compartment they are entitled to the actual cost of the reservation but are not at present entitled to any incidental expenses, and I take it that the second recommendation is with a view to allow them those incidental expenses in the way of half the daily rate. The Government would have no objection to that provided

this House passes that recommendation, but so far as the other House is concerned, the position is that they are now entitled to a fare and three-fifths. The fare represents the actual expense of travelling and the three-fifths are intended to cover their incidental expenses. The Government think that it would not be fair that they should have three-fifths of the fare *plus* half halting charges as incidental expenses. If the other House as an alternative asked for one fare *plus* half halting charges I do not think the Government would have any objection, but they think that since they are already getting three-fifths for their incidental expenses it would not be right to add to that half halting charges. So far as the third recommendation is concerned, what the Government feel is this. They have no objection to this provided the House passes it, but they feel that there is no reason why the Delhi or the Simla Members of the Legislative Assembly should not have the same privilege as the Delhi Members of this House. As it is worded with reference to Members of this House resident in Delhi, the Government feel that this third recommendation ought really to be extended to Members of the other House also. With this expression of the views of the Government, I leave it to the non-official Members to decide on this Resolution.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, I beg to propose the following amendment to this Resolution:

"In clause (2) the words 'provided that the same privilege is extended to Members of the Legislative Assembly' be omitted, and those words may be added at the end of clause (3)"

These are the amendments which I would propose. As to the first clause I am opposing it. I oppose it, roughly speaking, on three grounds. One ground is that the position in which we are now, that is, getting 7 days' extra allowance here, was not created by us. That position was created by Government, and having got it I do not see any reason why we should be deprived of it. There is really no ground to deprive us of it. From the economy point of view it will save very little, so little as to be negligible in a budget of crores, for this saving can hardly come to thousands and may even amount only to hundreds. So economically speaking, it is what we might call cheese-paring economy, which is not likely to commend itself to any reasonable person. Then if you consider it from the point of view of efficiency I think that by depriving us of four days' allowance will not increase our efficiency. It would certainly decrease our efficiency. (*An Honourable Member*: "How?") How? I will tell you. Those people who live in Calcutta, Madras and Bombay and other large cities have large libraries at their disposal. They can get books and look up references whenever they want. But people like me who live in the mufassil have not those facilities. There is hardly a library within 200 miles of us, and such as there are consist generally of novels, tales and dramas. You could not possibly get a book of reference and reports, etc. I have to come here for that purpose and I come a few days earlier and go to the office, and what might take me two days to find, the clerk in charge very obligingly gives it to me in a few minutes. It saves my time and I am able to read and study. In the mufassil this difficulty has always been felt, and I have consequently always come as far as I was able, a week in advance of the first meeting of this Council. So, if you do that, it will impair efficiency, it will not make for efficiency. (*The Honourable Sir Maneckji Dadabhoy*: "You do not require a library after the Session is closed".) This means that after the Session is closed, I have got to

[Mr. G. S. Khaparde.]

return the books. (Laughter). There is something to be done. I have collected a large number of books, and they have to be sorted and then to be made over there—so ultimately there is work to do. (Laughter). Lastly, there is a great point in this, and it is a very useful thing and I look upon it in the same way as when in a budget debate you ask a person to effect a reduction of one rupee in the allowance of any person. That rupee really means nothing, and I do not think the officer is poorer for losing that rupee, but it implies a certain amount of censure. We have had this all this time. why is it being sought to take it away? What have we done that we should be deprived of it? I never asked for it, it was granted to me by law, and that law was framed by the Government of India and approved of by the proper authorities. I have been discharging my duties to the best of my ability, and why is it sought to take it away now? On what ground? It implies a slur, and I resent that slur which is sought to be cast on me. Further, what I say is that it does not save much, it saves so little that it is practically negligible. So taking it all together, it works against my sentiments: the position is created by law, it is given to me by law, and why should I surrender it for nothing? There is no earthly reason. I may or may not be entitled to it, but if the Government give it to me and I am put in possession of it, I shall object and will fight it out if you want to take it away. On these grounds, therefore, I object to the first clause which seeks to remove the allowance which is granted at present one week before the Council begins and one week after it ends. I need not say much on the second amendment because the Honourable the Law Member has indicated the view of the Government, and as it happens, I happen to agree with that view that the words should be taken out of clause 2 and added at the end of clause 3. So I commend my amendment to the House with these remarks.

THE HONOURABLE THE PRESIDENT: I am not quite clear from the Honourable Mr. Khaparde's closing remarks as to what he intends to do. I did not understand the Honourable the Law Member to suggest that the proviso should not apply to clause (2) at all but that it should apply to clause (3). I understood him to say that the Government view was that it should equally apply to clauses (2) and (3). I think that, as the Honourable Member has drafted his amendment, the proviso will not apply to clause (2) but it will apply to clause (3)?

THE HONOURABLE MR. G. S. KHAPARDE: That is my view of the matter. It does not apply to clause (2) because they already get an allowance, and it would be in the nature of giving them a second allowance. They get a berth, then they get their three-fifths allowance for incidental expenses, and in addition to that, we shall be paying them so much more.

THE HONOURABLE THE PRESIDENT: Amendment moved:

"That in item (2) the words 'provided that the same privilege is extended to the Members of the Legislative Assembly' be omitted, and that the same words be added at the end of item (3)."

I may inform the Council that I intend to do as suggested by the Honourable Mover of this Resolution and to put the Resolution finally in three parts. There is therefore nothing to prevent Honourable Members indicating their view on the Resolution as a whole with the amendments proposed by the Honourable Mr. Khaparde.

THE HONOURABLE SIR PHIROZE SETHNA (Bombay: Non-Muhammadan): It seems to me, Sir, that there is some confusion in the mind of the Honourable the Mover if in paragraph (2) he refers to non-official Members and in paragraphs (1) and (3) he refers to Members, by which he must mean both non-official and official Members. I shall therefore be obliged to the Honourable Member if he will indicate whether in paragraphs (1) and (3) he also means non-official Members and if he proposes to introduce the word 'non-official' before the word 'Members.'

THE HONOURABLE MR. V. RAMADAS PANTULU: It is meant to apply to non-official Members. There is no confusion. I agree that there are good reasons to confine them to non-official Members.

THE HONOURABLE SIR PHIROZE SETHNA: Will the Resolution be so amended, Sir?

THE HONOURABLE THE PRESIDENT: I think it would probably be more satisfactory if an amendment were formally moved and that word were inserted.

THE HONOURABLE SIR PHIROZE SETHNA: I move

"That where the word 'Member' is used in paragraphs (1) and (3) the word 'Member' be preceded by the word 'non official'."

I understand that the Honourable Mover accepts that?

THE HONOURABLE MR. V. RAMADAS PANTULU: I accept it.

THE HONOURABLE THE PRESIDENT: Further amendment moved:

"That in item (1) for the word 'Members' the words 'non official Members' be substituted, and that in item (3) for the words 'that a Member' the words 'that a non official Member' be substituted."

THE HONOURABLE SIR PHIROZE SETHNA: Sir, my attention is drawn by an Honourable Member to the fact that official Members do at present get the benefit of seven days allowance. May I know if that is so, Sir? (An Honourable Member from the Official Benches: "They do".) In that case, may I be permitted to have my amendment relate only to paragraph (3) and not to (1). Will you permit me to do that, Sir?

THE HONOURABLE THE PRESIDENT: The Honourable Member desires to amend item (3) only and not item (1). Has the Honourable Member leave to withdraw his amendment to item (1)?

The amendment was, by leave of the Council, withdrawn.

THE HONOURABLE SIR PHIROZE SETHNA: Sir part (1) of the Resolution suggests a reduction, and my Honourable friend, the Law Member, readily agrees to the same. With regard to part (2), the Honourable the Law Member has suggested that giving this right would mean placing the Members of the Assembly at an advantage inasmuch as in addition to the three-fifths extra first class fare which they get to-day for incidental expenses, they will, if this part of the Resolution is passed, also get half the daily rate for the days they travel. As regards part (3) the Honourable the Law Member has agreed to Members residing at Delhi or Simla getting the concession asked for in the Resolution. I am inclined to agree with my Honourable friend, Mr. Khaparde, that there

[Sir Phiroze Sethna.]

should be no cheese-paring in this matter, for after all the reduction contemplated in No. (1) will amount to very little. It would have been of great importance if the Committee which went into this question had also informed us how many Members do avail themselves of this privilege and to what extent. I am inclined to think that perhaps not more than one-tenth of the Members, if that, come here seven days before the Session commences or remain here for seven days after it is over. Speaking for myself, I do not think that I have at any time come here, or at Simla even, one day before or stayed even one day after the Session is over, and I am now in the seventh year of my Membership of this Council and I would not be surprised if the majority of the Members do more or less the same. However, Sir, what I want to press upon the notice of Government is that the Government of this country, so far as payment to Members is concerned, is let off very cheap and they should not grudge any slight increase as is suggested in part (2).

Nowhere in the Empire are Members paid as little as they are in this country. I am obliged to an Honourable Minister of the Union of South Africa for a statement prepared by the South African Branch of the Empire Parliamentary Association of payments made to Members of the different Parliaments in 1923. Since then, some changes have been made. I propose to read out the particulars from this statement and also to quote what changes have been made to my knowledge since 1925.

In *England* the House of Lords Members get no salary.

House of Commons. £400 per annum for expenses (if oath has been taken). Up to 1923 there was no travelling allowance, but we know that since then Members of the House of Commons are allowed first class railway fares from and to their constituencies.

In the *Dominion of Canada* for every Session exceeding 50 days a sessional allowance of 4,000 dollars which is equivalent to Rs. 12,000. Member must attend on at least three-quarter of the days upon which House sits. Allowance for fewer days, 25 dollars per day, which is Rs. 75 per day. Deduction of 25 dollars per day for absence 15 days: Provided that deduction shall be made for every day's absence during the last two weeks of Session. Indemnity in case of illness only when Member within 10 miles of place where Session is held. As regards travelling, they have free transportation on production of Certificate of Membership. More than that, there are travelling and other privileges to wives and families. Free transportation and the privilege of using the Parliamentary Restaurant and Library when accompanying Members to Ottawa. Further still, there is a staff of stenographers at State expense for use of Members.

Next, the *Commonwealth of Australia*. Allowance of £1,000 per annum. (No deduction for absence). Free railway passes. Wife allowed one free trip per annum from home to temporary seat of Government and return. Again, lady typists at Government expense. (Laughter)

Union of South Africa.—On the date when this paper was prepared, they were paid £400. To-day both the senators and the members of the Assembly are paid alike £700 per annum. A deduction of £8 per day for days of absence in excess of 15 days.

Free Railway Pass, senators Half Rates paid by sea from residence to Cape Town, and return, once each Session. The railway pass entitles them to travel over the whole Union and as often as they like. Again, so far as privileges to wives and families are concerned, free railway transport (senators Half rates by sea) for members of household living with and dependent upon Members, with free transport for baggage and one servant, from residence to Cape Town and return, once each Session by direct route. The reservation is made in the case of the family of a Member of the House of Assembly that, with certain specified exceptions, they must travel with such Member to get free transport, but this does not apply in the case of Senator's families.

More still, there are eleven Ministers in the Government of the Union of South Africa. Once a Minister, that member is allowed a free pass for the rest of his life to travel on the railways throughout the Union. If by accident one happens to be a Minister for say, even a month, he can claim that privilege for the rest of his life.

New Zealand The honorarium to Members of the Legislative Council is £315, and that of the Members of the House of Representatives £450 per annum. No payment for days absent in excess of 14.

Free railway pass (gold and enamel), during membership. Ex-Members of House of Representatives of 9 years or more service receive, by courtesy of the Government, life passes renewed year by year. Free Ferry Boat Pass between Wellington and Lyttleton given by New Zealand State Company. £1 per day allowance to Members going to and from Session, once each way.

Wives receive complimentary railway pass year by year. Unmarried members of member's family travel to seat of Parliament during Sessions at half rates. Wives and families during Session get half rates on Ferry Boats between Wellington and Lyttleton. (N. Z. S. Coy.). Further, there is a room comfortably furnished set apart in Parliament building for wives and daughters of Members. Lastly.

Newfoundland Members of the Legislative Council get 125 dollars and those of the House of Assembly 500 dollars. A gold dollar is equal to about three rupees. No deductions for absence. Free railway passes.

I hope my Honourable friend, Mr. Das, is convinced, that as compared to the rest of the Empire the Government of India bears next to no expense in the matter of payments to Honourable Members. In the first place Government ought to recognise that Members coming here certainly make a great sacrifice of time and money. I do not know whether Mr. Khaparde has moved an amendment about No. 1.

THE HONOURABLE MR. S. R. DAS: He is opposing it.

THE HONOURABLE SIR PHIROZE SETHNA: I am glad that it has been decided to put the three parts of the Resolution separately and I shall vote for or against each one of these parts as they are put up to the House.

THE HONOURABLE MR. S. R. DAS: May I make an explanation, Sir? I should like to make it quite clear that the Government do not want to

[Mr. S. R. Das.]

reduce at all, but if this House desires to reduce the allowance of Members, Government have no objection.

THE HONOURABLE MR. V. RAMADAS PANTULU: Sir, two of the most senior representatives in the House, Mr. Khaparde and Sir Phiroze Sethna, have placed their views before this House and it is not for me, one of the junior members, to improve upon what they said. But one or two arguments advanced by them against the first clause I have to meet. With regard to the argument about efficiency, I must say that very few here are convinced that efficiency requires seven days' stay after the Council is over and a week's stay before the Council starts. I do not think that preparation for the work of the Council requires seven days' stay here. Some of us do know what work is done here; I think the work here is not as heavy as the work in the other House. I am prepared to say that. Some Members of this House think that the quality of our work is better than that of the other House; even supposing it is so, the quantity is certainly not greater. I do not think you require more than three days. As for slur, it is no slur to have three days' allowance instead of seven days' allowance. I do not see where the question of slur comes in. It is a question of free choice. Government have made it quite clear that unless we agree they will not reduce the allowance. I only ask my Honourable friends to decide the question for themselves, and it is only if they all agree that three days' allowance is reasonable, that Government will make the reduction. If the Government decides against our wishes, I agree that there would be a slur. I do not propose that we should permit Government to do anything against our own wishes. I am the last man to do it. At the same time the Members of this Council ought to be fair and reasonable to the tax-payers from whose pocket the money comes.

With regard to Sir Phiroze Sethna's very interesting and vivid description of amenities enjoyed by legislators in other countries, I am afraid we have not established our claim to them. Of course when we deserve to get all that and when we do the work Parliaments of self-governing countries do, I dare say we may legislate for ourselves. Then our finances will be in our hands. We need not then go to my friends the Honourable Mr. McWatters or the Honourable Mr. Brayne to prepare memoranda as to the effect of a ratio of 1s. 6d. or 1s. 4d. on our allowances to discover what additional expenditure has to be incurred by the Government of India; nor to the Honourable Mr. Corbett to suggest suitable changes in the railway accommodation for the Members. Everything will be in our hands then and it will be for us to legislate. The analogies of other countries are very misleading and the Finance Department will certainly say that the Government of India is too poor to bear such heavy expenditure. I will leave it there. Sir, as you have already promised to put these clauses one by one, I hope that the non-official portion of the House will indicate its opinion on each one of them. I am entirely in the hands of non-official Members. I sponsored this Resolution because it embodied the unanimous recommendations of the Committee appointed by this House. In the absence of Mr. Roy I felt bound to bring up the matter before the House. With these words, I leave the question to be voted upon by the House.

THE HONOURABLE THE PRESIDENT: I propose to put the Resolution in four parts, the Preamble and the three clauses.

The question is:

"That the following words stand part of the Resolution:

'This Council recommends to the Governor General in Council to take early steps to give effect to the following recommendations of the Committee appointed to inquire into the privileges and status of Members of the Council of State':"

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question is:

"That item (1) do stand part of the Resolution."

The Council divided.

AYES—7.

Froom, The Honourable Sir Arthur.
Mahendra Prasad, The Honourable Mr.
Mukherji, The Honourable Srijut Lokenath.
Ramadas Pantulu, The Honourable Mr. V.

Rama Rau, The Honourable Rao Sahib Dr. U.
Sett, The Honourable Rai Bahadur Nalinath.
Sinha, The Honourable Mr. Anugraha Narayan.

NOES—15.

Akbar Khan, The Honourable Major Nawab Mahomed.
Bell, The Honourable Sir John.
Charanjit Singh, The Honourable Sardar.
Golam Mustafa Chaudhury, The Honourable Maulvi.
Khaparde, The Honourable Mr. G. S.
Manmohandas Ramji, The Honourable Mr.
Morarji, The Honourable Mr. Ratansi D.
Ram Saran Das, The Honourable Rai Bahadur Lala.

Ranga Rao, The Honourable Raja Sri Ravu Swetachalapati Ramakrishna Bahadur, of Bobbili.
Sankaran Nair, The Honourable Sir Chettur.
Sethna, The Honourable Sir Phiroze.
Singh, The Honourable Raja Sir Harnam.
Singh, The Honourable Raja Sir Rampal.
Suhrawardy, The Honourable Mr. M. Wacha, The Honourable Sir Dinshaw Edulji.

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The original question being that item (2) do stand part of the Resolution, an amendment has been moved:

"That in item (2) the words 'provided that the same privilege is extended to the Members of the Legislative Assembly' be omitted."

The question I have to put is that these words be omitted.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question is that item (2), as amended, do stand part of the Resolution.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The original question being that item (3) do stand part of the Resolution, two amendments have been moved. The first amendment is:

"That for the words 'that a Member' the words 'that a non-official member' be substituted."

The question is that that amendment be made.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The second amendment is:

"That at the end of item (3) the words 'provided that the same privilege is extended to the Members of the Legislative Assembly' be added."

The question is that that addition be made.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question is that item (3), as amended, do stand part of the Resolution.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: I may now point out to the Council that the Resolution now consists of two items which are numbered (2) and (3). Perhaps it would be more finished if the Honourable the Law Member would move the renumbering of clauses.

THE HONOURABLE MR. S. R. DAS: I move that clauses (2) and (3) of the Resolution be renumbered (1) and (2).

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question is that the Resolution, as amended by the Council, be adopted.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: It has been suggested that the photograph, which should have been taken at half past Ten this morning and which was prevented by the inclemency of the weather, should take place on Monday morning at half past Ten. A circular will be issued to Honourable Members on that point.

The Council then adjourned till Eleven of the Clock on Wednesday, the 16th March, 1927.

COUNCIL OF STATE.

Wednesday, 16th March, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

EXTENSION OF THE LEE COMMISSION'S CONCESSIONS TO INDIAN MEMBERS OF THE INDIAN MEDICAL SERVICE.

161. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: (a) Is it a fact that the concessions recommended by the Lee Commission, regarding sterling overseas pay and free passages for European members of the service, have also been extended to such members of the Indian Civil Service of Asiatic domicile as were recruited on or before 31st December, 1919?

(b) Is it a fact that the concessions, referred to above, have not been extended to members of the superior Medical services in India? If so, will the Government be pleased to state the reason for this distinction?

(c) Is it a fact that European members of the superior Medical services can proceed to Europe, enjoying the benefit of free passage, etc., recommended by the Lee Commission and also enjoy the benefits of study leave allowances at the same time?

(d) Is it a fact that Indian members of the superior Medical services, while proceeding on study leave to Europe, have to pay the passages to and back?

(e) Will the Government be pleased to state whether applications from members of the superior Medical services of Asiatic domicile, recruited under similar conditions to their European colleagues, praying that the Lee Commission's concessions be extended to them in terms of their service, have been received by the Government through the proper channel, and, if so, what action has been taken thereon?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) Such officers have received the concessions of overseas pay and free passages. They do not, however, draw overseas pay in sterling except for such periods as they may have either a wife or child resident outside Asia.

(b) Rupee rates of overseas pay are admissible to Indian Medical Service officers of Asiatic domicile, who held permanent commissions in the service on the 1st December 1918, except during such period as they may have either a wife or a child resident outside Asia, when they can draw overseas pay in sterling. As regards passages, the reply is in the negative. In the latter respect, they are in the same position as officers of Asiatic domicile of all other services. The only officers of Asiatic domicile who are eligible for Lee passage concessions are those Indian members of the Indian Civil

Service who draw overseas pay. They were granted the concession on the special recommendation of the Lee Commission.

(c) The reply is in the affirmative.

(d) The reply is in the affirmative.

(e) The memorials were received by the Government of India. As a result of the consideration of those memorials, the Government of India have decided, in consultation with the Secretary of State, to grant passage facilities to Indian Medical Service officers of Asiatic domicile proceeding to the United Kingdom on study leave. The details of the scheme are now being worked out.

ABOLITION OF INTERMEDIATE ACCOMMODATION ON RAILWAYS.

162. THE HONOURABLE RAO SAHIB DR. U. RAMA RAU: (a) Is it a fact that the Railway Board has recently issued a circular to all railway administrations, asking for their opinion as to whether intermediate class accommodation cannot be done away with?

(b) If so, will the Government kindly lay the circular on the table of the House?

THE HONOURABLE MR. G. L. CORBETT: (a) The answer is in the negative.

(b) Does not arise.

PAY OF THE CLERICAL STAFF OF THE OFFICE OF THE ACCOUNTANT-GENERAL, BURMA.

163. THE HONOURABLE MR. P. C. DESIKA CHARI: (a) Will the Government please state whether the clerical staff of the Accountant General's office, Burma, submitted two memorials to His Majesty's Secretary of State for India, one in September 1924, and another in November, 1925, and whether the memorials were strongly recommended by the Accountant General? If so, how were they disposed of?

(b) If the memorials have been withheld, will the Government please state whether the grievances contained in them were remedied? If not, will the Government please state what amount of relief was secured to each clerk as the result of the two revisions, dated 1st March 1924, and 1st December, 1924?

(c) Will the Government please state whether the difference between the old minimum, Rs. 55, and the new minimum, Rs. 70, was allowed in fixing the initial pay of clerks of the above office? Whether it is a fact that such concession was allowed in the case of revision of pay of the Postal Department of Rangoon?

(d) Is it a fact that the new maximum, Rs. 240, can be reached by the new entrants in 25 years? If so, will the Government please state in how many years the initial pay in the time-scale of men already in the service enables them to reach the same maximum?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) and (b). Yes; two memorials addressed to the Secretary of State for India were received from the clerks in the office of the Accountant General, Burma, during 1924 and 1925, respectively. As a result of the first memorial a consolidated

scale of pay in lieu of the then existing scale of pay *plus* local allowances was sanctioned for the clerks with effect from the 1st December 1924. The Government have no information regarding the measure of relief granted to each clerk and are not prepared to call for these figures.

The prayers in the second memorial asking for further revision of their time scale of pay and certain other concessions were not accepted and this memorial was also withheld by the Government of India under the discretionary power vested in them.

(c) The difference between the old minimum of Rs. 50 and the new minimum of Rs. 70 was not allowed in fixing the initial pay of the clerks in the Accountant General's Office, the initial pay of each clerk in the new scale being fixed at a stage next above his total emoluments consisting of his substantive pay and local allowance in the old scale. A concession of the nature referred to was, however, allowed in respect of the revision of the time scale of pay of postal clerks serving in Rangoon sanctioned with effect from the 1st March 1924, the existing incumbents being allowed an increase of Rs. 10 per mensem from that date. No such concession has been granted in connection with subsequent revisions.

(d) Yes. In no case of revision of pay can it be guaranteed that every one already in service shall reach the maximum of the new scale, as the period required for attaining this maximum depends on the stage of the revised scale at which the initial pay is fixed.

PAY OF THE CLERICAL STAFF OF THE OFFICE OF THE ACCOUNTANT-GENERAL, BURMA.

164. THE HONOURABLE MR. P. C. DESIKA CHARI: (a) Will the Government please state whether it is a fact that the Auditor General replied to Resolution No. 2 of the India Civil and Postal Accounts Offices Conference of 1926 that the scale of pay of the Accountant General's Office, Burma, was fixed with reference to the scale of pay of the local Secretariat?

(b) Is it a fact that the scale of pay of the Accountant General's Office, Madras, and that of the Madras Secretariat are the same?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) The reply is in the affirmative.

(b) The rates paid to the clerks of the Accountant General's Office in Madras are based on, but are not identical with, those given to clerks in the Madras Secretariat. The same is largely true of the Burma Office, though in that case the maximum of the Accountant General's Office scale has not been carried so high as that of the local Secretariat.

ANNUAL INCREMENTS OF THE CLERICAL STAFF OF THE OFFICE OF THE ACCOUNTANT-GENERAL, BURMA.

165. THE HONOURABLE MR. P. C. DESIKA CHARI: (a) Will the Government please state whether the increment in the revised scale of pay of the Accountant General's Office, Burma, is Rs. 8 for the first ten years and Rs. 6 for the next fifteen years?

(b) Is it a fact that the increment from the 11th year onwards was fixed at a lesser rate, in view of the assumption that Indians, by their

social customs, marry early and their children are in a position to earn and help their parents and that this augments the family budget?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) Yes.

(b) Owing to the custom of early marriage and the assistance generally rendered to parents by sons reaching wage-earning age, it was decided to allow larger increments in the earlier years of service.

PROVISION OF QUARTERS FOR SUBORDINATE EMPLOYEES OF THE CENTRAL GOVERNMENT IN BURMA.

166. THE HONOURABLE MR. P. C. DESIKA CHARI: Is it a fact that the Burma Government is building quarters for all its servants in view of the high cost of house rent? Does the Central Government contemplate helping its subordinates in a similar way?

THE HONOURABLE MR. A. C. MCWATTERS: Government have no information in regard to the first part of the question. The Government of India have not under contemplation any scheme for providing quarters for all its servants in Burma, but in certain circumstances in which it is considered necessary, quarters are provided.

PAY, OVERSEAS ALLOWANCE, LEAVE RULES, ETC., OF COVENANTED INDIAN OFFICERS ENGAGED IN DIFFERENT COMPANY RAILWAYS.

167. THE HONOURABLE MR. P. C. DESIKA CHARI: (a) Will the Government please state how many covenanted Indian officers are engaged in different Company Railways in India and in what departments?

(b) How many of them were recruited in England and how many in India?

(c) Do those Indian officers, who were recruited in England, enjoy the same privileges as European officers regarding pay, overseas allowance, leave rules, and return passage on termination of service and otherwise?

(d) Does clause 76 of the East Indian Railway Company Leave Rules say that Indian officers appointed in England may be admitted to the benefits of the Company Leave Rules for Europeans, and is the position the same on all the State Railways? Do other Company Railways also extend this privilege to Indian officers recruited in England; if not, why not?

THE HONOURABLE MR. G. I. CORBETT: (a) and (b). The information is not available, and it would take a great deal of time and labour to collect it.

(c) and (d). Indian officers recruited in England by the late East Indian Railway Company and the late Great Indian Peninsula Railway Company receive leave under the same rules as European Officers recruited in England by those Companies. Indian officers recruited for service on State-managed Railways and appointed to positions on the East Indian and Great Indian Peninsula Railways since they were taken over for management by the State, receive leave under the ordinary leave rules of the Fundamental Rules.

On State-managed Railways, other than the East Indian and Great Indian Peninsula Railways, Indian officers appointed in England prior to 24th July 1923, are admitted to the special leave rules of the Fundamental Rules, those appointed subsequently coming under the ordinary leave rules.

The practice on Company-managed Railways varies, in some Railways Indian officers are granted the same leave benefits as European officers, while in others they come under a different set of leave rules.

DIVISIONAL SUPERINTENDENTS ON STATE RAILWAYS.

168. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Is it a fact that Divisional Superintendents on State Railways will only hold that post for three years and will then revert to their substantive appointment? If this is so, what has led Government to arrive at this decision?

THE HONOURABLE MR. G. L. CORBETT: For administrative reasons it has been decided that the posts of Divisional Superintendents should be held on a three-years' tenure, but the period can be extended in any individual case at the discretion of Government.

HEADS OF STORES DEPARTMENTS IN STATE RAILWAYS.

169. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Is it a fact that in future the Head of the Stores Department in State Railways will be an Engineer Officer, and not as at present a Stores Officer, who has risen to this post after long service in that Department?

THE HONOURABLE MR. G. L. CORBETT: All that Government have said on the subject is that it is their intention that vacancies in the Stores Department will in future be filled by selection from the Indian Railway Service of Engineers and the Mechanical Engineers branch of the Superior revenue establishment.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: A supplementary question, Sir. May I ask what is the reason which has led to this decision?

THE HONOURABLE MR. G. L. CORBETT: Recently, Sir, we had an election to the Central Advisory Railway Council, and I think the Honourable Member came out second on the poll. May I suggest that this indicated the desire of this House that these conundrums should be propounded elsewhere?

RAVEN COMMITTEE'S RECOMMENDATIONS REGARDING WORKSHOPS ON STATE RAILWAYS.

170. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will the Government kindly state what recommendations of the Raven Committee on State Railways' workshops have so far been accepted, and what action is being taken to bring them into effect?

THE HONOURABLE MR. G. L. CORBETT: A statement giving the information required is being prepared and will be forwarded to the Honourable Member when it is ready.

SUPPLY OF DEFECTIVE UNDERFRAMES FOR THE NORTH-WESTERN RAILWAY.

171. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will the Government kindly state the number and value of the underframes ordered recently for the North-Western Railway, which, when supplied,

were subsequently rejected owing to defective design? Was the design checked before the order was placed? If so, by whom? Who have been found responsible in the matter?

THE HONOURABLE MR. G. L. CORBETT: No underframes have been ordered recently for the North-Western Railway which it has been found necessary to reject owing to defective design. If the Honourable Member will give me details of the case to which he refers, I will see what information I can obtain for him.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Does the Honourable Member mean that there was more than one design which was rejected?

THE HONOURABLE MR. G. L. CORBETT: If the Honourable Member will give me details of the case to which he refers, I shall see what information I can obtain for him. Without the details, it is very difficult for me to give the information.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: These underframes, as far as I can understand, were ordered from some Indian firm and after they were received were rejected.

THE HONOURABLE THE PRESIDENT: The Honourable Member is giving information; he is not asking for it.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: May I ask whether that design was checked by the Consulting Engineers?

THE HONOURABLE MR. G. L. CORBETT: I can only repeat that, if the Honourable Member will put down full details of the matter on which he requires information, I shall be very happy to supply it.

APPOINTMENT OF INDIANS AS AGENTS OF STATE RAILWAYS.

172. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will the Government kindly state whether they intend to try suitable Indians ("Indians" includes "Anglo-Indians") as Agents of State Railways whenever there is any vacancy?

THE HONOURABLE MR. G. L. CORBETT: When a vacancy occurs the claims of all officers of suitable standing will of course be considered.

OPENING OF THE RAILWAY STATION NEAR AJMERE GATE, DELHI.

173. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will the Government kindly state when the railway station near Ajmere Gate, Delhi, or Raisina, on the Great Indian Peninsula Railway, is likely to be opened?

THE HONOURABLE MR. G. L. CORBETT: It is hoped that the new station near Ajmere Gate, which is now being constructed by the North-Western Railway, will be ready for opening about the beginning of May next.

KUMBH MELA RAILWAY TRAFFIC.

174. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will the Government kindly state in detail what steps they intend taking to

cope with the coming Kumbh Mela railway traffic at Hardwar? Will the Railways issue return tickets for third class passengers to Hardwar on double ordinary fares available for return journey within two weeks?

THE HONOURABLE MR. G. L. CORBETT: Necessary measures are being taken by Railway Administrations, in conjunction with the civil authorities, to prevent overcrowding and to secure the convenience of passengers by the provision of special trains, appointment of additional supervising and other staff, medical and sanitary arrangements, drinking water and other measures generally. It is not proposed to issue return tickets.

CHEMICAL COMPOSITION OF ARTIFICIAL GHEE.

175. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will the Government kindly state the result of the inquiries referred to in the Honourable Sir Muhammad Habibullah's answer to my question No. 45, asked in the Council of State on the 23rd August 1926?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: The results of investigations regarding the chemical contents of vegetable compounds of the kind mentioned by the Honourable Member so far as available to Government are being placed in the Library of the House. A general inquiry into the nutritive value of foodstuffs is now being made under the direction of the Indian Research Fund Association. Artificial ghee has not so far been specially tested, but Government will draw the attention of the Association to this matter if the Honourable Member so desires.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I do desire it, Sir.

STATEMENT LAID ON THE TABLE.

THE HONOURABLE MR. G. L. CORBETT (Commerce Secretary): Sir, I lay on the table the Agreement* between the United Kingdom and Greece, respecting the Measurement of Tonnage of Merchant Ships, and Notes exchanged, which affect India.

RESOLUTION *RE* ABOLITION OF COMMUNAL ELECTORATES AS A CONDITION PRECEDENT TO FURTHER POLITICAL PROGRESS IN INDIA.

THE HONOURABLE SIR SANKARAN NAIR (Madras: Non-Muhammadan): Sir, I move:

"That this Council recommends to the Governor General in Council that the number of Members in the Legislative Councils in India be not increased, that their constitution be in no way modified, that no additional powers be conferred on them expressly or by implication, and that no further step towards responsible government be taken until the Hindus and the Muhammadans agree to dispense with election of Members to those Councils by separate electorates composed only of Hindus or Muhammadans."

Sir, the Royal Commission will be here in a year or two to consider what steps should be taken now in the interests of Indian political progress. The last time that question was considered in India by Mr. Montagu and Lord Chelmsford they decided most of the questions themselves, but on one

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outstanding question—that is the relations of Hindus and Muhammadans—after expressing their own opinion as to what should be done for the electorates they proceeded to act not upon their conviction but upon an agreement, the Lucknow Pact, which was arrived at between the Hindus and Muhammadans. For reasons to which I shall refer presently it is desirable now also that the Hindus and Muhammadans should come to a certain agreement as to the relations which should subsist between them if we are to have any further political progress in India. It is in order to assist Hindu and Muhammadan leaders, in order to arrive at such a conclusion, that I put forward this Resolution. Our Moslem brethren have already recognised the necessity of it. The question was considered by the All-India Moslem League on three occasions, and what they said was this. They declared—I am reading their own words—“that the speedy attainment of full responsible government is one of the declared objects of the League”. They also say “that the conception of Swaraj should be translated in the realm of practical politics”. With this aim I believe India is in sympathy and all classes of politicians, Hindu and Muhammadan, will I have no doubt do all in their power to bring about this consummation. Then they also ask for the early appointment of a Royal Commission to formulate a scheme to place the Indian constitution on a sound and permanent basis with provisions for automatic progress to establish full responsible government in India to secure stability in the Government and willing co-operation of the people. It is here that I ask your special attention to what they say. They say that any scheme must be based on the following basic and fundamental principles:

(1) All the Legislatures of the country and all elected bodies be constituted on the definite principle of adequate and effective representation of minorities in every province without reducing a majority in any province to a minority or even to an equality.

(2) The representation of communal groups shall continue to be by means of separate electorates as at present, provided that it shall be open to any community to abandon a separate for a joint electorate.

(3) No Bill or Resolution or any part thereof be passed in any Legislature or in any other elected body if three-fourths of the members of any community in that particular body oppose such Bill or Resolution or part thereof on the ground that it would be injurious to the interests of that community or in the alternative such other method is devised as may be found feasible and practicable to deal with such cases.

Sir, I entertain the view that these principles are not sound; I entertain the view that no scheme can be placed on a permanent basis if these are the conditions precedent. I also entertain the view that there will be no willing co-operation between Hindus and Muhammadans under a scheme like that, nor any willing co-operation with the Government. Those are the reasons, Sir, why I move this Resolution.

This question of communal electorates was considered in the Montagu-Chelmsford Report and the views therein advanced form the basis of my Resolution. I shall take therefore the liberty of summarising their views to the House. The authors of that Report say that the history of self-government among the nations who develop it and spread it throughout the world is decisively opposed to communal electorate as it leads to divided allegiance and to encouraging the citizens to regard themselves as citizens

of a smaller unit than the State. They also show that communal electorates mean the creation of political camps organised against each other and that it teaches men to think as partizans and not as citizens. They further point out that these communal electorates stereotype existing relations. They say therefore finally that it is a very serious hindrance to the self-governing principle, and if the British Government divide the people by these communal electorates, it will be difficult to meet the charge of being hypocritical or short-sighted. Having given their opinion in those terms they however proceeded to recommend separate electorates for this reason. Their reason was that they found it already existing. They also found that Hindus and Muhammadans had agreed upon separate electorates according to what is called the Lucknow Pact. Now as there was that agreement they accepted it, although they give their reasons for thinking that is not right. Now those were perhaps good reasons for not upsetting the system as it existed at that time; but, Sir, the reasons given in the Report are against any scheme of responsible self-government based on it; and the experience we have gained during the last 6 or 7 years confirms that view. Well, if it confirms that view the question might be reasonably asked, why do the Moslem League now claim separate electorates? The reason why it is now alleged by the Moslem League that Home Rule must be accompanied by communal electorates for all elected bodies up to village unions is this—it is the absolute distrust of the Hindus. There is no use shutting our eyes to that. The Moslem League recognise the bitterness of the feelings that exist now. In their own words:

“The All-India Moslem League views with great alarm the deplorable bitterness of feelings at present existing between Hindus and Mussulmans in different parts of the country.”

They go on further to say:

“No political progress is possible in this country unless it is based on a solid substratum of Hindu Moslem unity.”

I agree with both those sentiments. The reasons for this increasing bitterness are also stated. I give them in the words of the President of the Moslem League:

“Their respective attitudes towards life, their distinctive culture, civilisation and habits, their traditions and history no less than their religion, divide them so completely that the fact they have lived in the same country for nearly a thousand years has contributed hardly anything to their fusion as a nation.”

I express no opinion on that. But it is there. Then the President added:

“An Indian Mussalman would at once be made at home in Afghanistan, Persia, Central Asia or by Chinese Muslims, Turks, Arabs, etc., while he would feel himself a total alien in his own town in the quarter in which Hindus live.”

On that also I express no opinion, but that is their view. And with reference to certain Hindu movements, he said they form “the most serious challenge to the Muhammadan religion which they ever had to meet, not even excepting the Christian Crusades.” On that too I am not an authority and so I cannot express an opinion, but there is the fact that the Mussalmans entertain that feeling and the Muslim League endorses that view and they ask all public bodies to discontinue their efforts in such directions; and they add “riots after riots are the consequences of this feeling.” Now, as a non-Muslim, a Hindu is not

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entitled in these circumstances to complain of any steps which the Muslims may feel bound to take for the protection of their own interests. It is not for us to argue whether they are right or wrong; it is for them to decide the question as to what is necessary for their own future, and I am not proposing to argue the question as to whether my Muslim friends are right or wrong. But I say this, I believe every non-Muslim is entitled to say, "If that is your feeling and if you propose these steps as conditions precedent for any further political progress, then we are entitled to say that these steps will not conduce to any further political progress, that these steps will be detrimental to the best interests of the country, and if they are necessary in your opinion for any further political progress, then we are entitled to say there should be no further political progress. Let us stay here until we can come to a certain agreement amongst ourselves as to what is to be done in future. With that agreement we will go to the British Government and then it is not likely to refuse to take such further steps as we want it to take. But in the absence of such an agreement the best thing for us to-day would be to stand where we are."

Now, Sir, there is no doubt about it that the evils predicted by Mr. Montagu and Lord Chelmsford if separate electorates were granted, have come to pass. Already racial feeling has been intensified; and if separate electorates are introduced, as the Muslim League wants, for election in all elected bodies, not only in the Central Legislature, not only in the Provincial Legislatures, but in all municipalities, district boards, local boards, unions, universities and colleges when they are governed by elected bodies as claimed by the Muslim League, then we know what experience has shown us; that strife will spread everywhere, in far-off villages in the mufassal, in cities, in bodies like Senates and Syndicates and College Councils where racial feeling should be unknown. Not only will good government be impossible, but I am afraid there will be disloyalty and a spirit of lawlessness and a defiance of authority that leads to assaults on district magistrates and police superintendents as experience has already demonstrated: that will be the result. If India has Home Rule or Dominion Status I do not think there can be any doubt that the more powerful community will get rid of separate electorates and devise a constitution to ensure its supremacy. There will therefore be no chance of permanence. (*An Honourable Member*: "What about separate representation?"). I am speaking about separate electorates. If we continue under the actual supervision of the British Government, that Government would be justified in disregarding the vote of the Council as the opinion of a racial majority not arrived at in the interests of the country. We have already had examples. It will not therefore be a step towards responsible government. Separate Hindu and Muhammadan electorates, when the feelings are strained, will place the minority at the mercy of the majority. To provide against this last evil according to the League Resolution, three-fourths of a minority is empowered to defeat any measure which it may consider injurious to it. The result of it would be that one community is shut out from rendering any service to the other. Reform within the community also would not be possible or discussion even of any questions that may apply only to any community. Any reform of the caste system including the position of the untouchables would be rendered practically impossible for the Hindus. For both Hindus and Muhammadans, such

reforms as Kemal Pasha has carried out in Turkey, such as the abolition of the purdah and polygamy, equality in the law as between men and women as regards property and marriage would be impossible. Muhammadan objection to a Bill to enforce monogamy for Hindus on the ground that it will interfere with conversions to Muhammadanism may be borne in mind. This happened in Bombay. Religious reform, religious propaganda, Christian, Hindu or Muhammadan, will be perilous. The Hindu Suddhi movement, the Moslem Tanzeem and Tabligh movements will have to go. Private rights, like the right to take out processions and to slaughter animals for food will have to be given up. Similarly also there will be difficulties as regards freedom of speech even in matters not connected with religion. A drama relating to the love of a Muhammadan maiden for a non-Muhammadan youth, a play concerning the fanaticism of Aurangzeb have already been denounced with successful results. Municipal institutions will be paralysed; many important sanitary measures may be successfully objected to by a minority. Educational progress will be impossible as it may be said to be inconsistent with a minority religion. Look at the objection already taken in America to the teaching of the doctrine of evolution. Science, when in the opinion of a minority it is opposed to their religion, cannot be taught, not only to the followers of that religion but to anybody. I say deliberately, licence under Bolshevism would be preferable to the mental and moral atrophy under a Home Rule Government so constituted. Yet, without this or a similar provision, communal electorates would place a minority absolutely under the control of the majority. Even under foreign control, communal electorates have been responsible for infinite mischief. With the gradual removal of such control the evil will grow. It follows, therefore, that no additional powers, no further responsibility should be entrusted to bodies whose members are elected by communal electorates. The fact that we Hindus or Muhammadans do not dispense with them is proof that we are not fit for further advance.

I am aware, Sir, that there are some persons who believe that this English administration is so rotten that anything would be preferable to it. I am not one of them. I am also aware that there are some Muhammadans and Hindus who think that once the British Government is out of the way the question can be settled to their satisfaction, though after frightful bloodshed. Here I may just refer the House to a book which has just been distributed to us by the office. You find this:

"Mr. Gandhi says: 'I have admitted my incompetence' (that is, to bring the Hindus and Muhammadans together.) If it is to be our lot that before we can come together we must shed one another's blood, then I say the sooner we do so the better it is for us."

That is not my view:

"If we propose to break one another's heads, let us do so in a manly way; let us not then shed crocodile tears."

I am not for breaking heads. I do not belong to that class. The only course then left for me is to propose that no further step should be taken towards responsible government based on communal electorates. Perhaps the question will be asked whether any discussion of this matter is necessary at this stage. I think so. The Muslim League have formulated their demands. The Hindu public opinion is against it; the leaders on both sides have not approached each other to come to a settlement. The

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Royal Commission might come soon. Each party will put forward its own scheme which will be denounced by the other. Our opponents will thus be furnished with a pretext to deny us any substantial reform. There is a feeling in England that the reforms already granted are too radical, that we have not played the game by shouldering the burden of reforms; that in fact we have shown ourselves unequal to it. The differences between Hindus and Muhammadans themselves may be used to deny us any reform. If in addition to it the acceptance of these unsound principle which will lead to constant friction, restlessness, riots, is made a condition precedent the great probability is that there will be no further advance; whereas if both Hindu and Muhammadan leaders realise the situation, it is possible that they may have some agreed scheme to place before the Royal Commission when it comes. I do not deny that the Muslim League may get non-Muslim recruits, but those who will join them from conviction will be very few. There may be some who may join them for tactical reasons. Others may join them out of hatred to a foreign Government, and it is also possible that these and a few English politicians may succeed in forcing the hands of Government and extending the scope of Reforms on the basis of separate electorates. But it will be a disaster to the country.

For these reasons I move this Resolution.

THE HONOURABLE SIR ALEXANDER MUDDIMAN (Home Member): Sir, before I proceed to discuss the subject-matter of the Resolution that has been moved by my Honourable friend, I would ask your indulgence and the indulgence of the House to say a few words to explain why I am rising so early in this debate. But for the circumstances which I think are known to the House, and which exist in another place, I would have greatly preferred to have waited till the discussion had advanced a little further, at any rate till the amendments had been moved; but I am under the coercion of a whip which may require me to leave this Chamber at any moment. In these circumstances the House will pardon me if I take the earliest opportunity of making a speech which I hope to be allowed to complete. (Laughter).

I would like to say one word as to why I have come here to-day. It has been a great source of dissatisfaction to me that I have not been able to attend the debates of this House more frequently, but the necessity for my presence in another place has been very insistent. But I did feel to-day that I ought to come down, even under circumstances of difficulty, to deal with a Resolution of so remarkable a character,—remarkable in the manner in which it has been presented,—remarkable for the tone in which it has been moved—and remarkable on account of the personality of its Mover. Sir, this is not a Resolution that has been moved by a Back-Bencher. It has been moved by a gentleman who has held the highest judicial and executive offices under the Crown, who has been a Member of the Executive Council of the Supreme Government. In those circumstances courtesy prompted me to attend at this debate. I have said that this is a remarkable Resolution. It has been brought forward with that courage and frankness which has always distinguished my Honourable friend in his public utterances, in circumstances, which seem to be inconvenient to some, but which in his opinion render the moving of his Resolution necessary. If the Government accepted it, it

would involve, at any rate in the opinion of some, the postponement of any further reforms. Therefore, the House would do well to examine the Resolution with care and discuss it in the fullest manner possible.

Now I should like, at the risk of boring the House, to trouble them with a short history of this question of separate electorates. My Honourable friend in his speech said that the Montagu-Chelmsford Report stated that the British Government is often accused of dividing men in order to govern them. Well, Sir, separate electorates did not arise because of the British Government. They arose owing to the insistent demands that have been made over a long period of years. The Montagu-Chelmsford Report, to which my Honourable friend referred, observes as follows. They were justifying re-examination of the subject, and they said:

"We may be told that this is a closed question, because the Muhammadans will never agree to any revision of the arrangement promised them by Lord Minto in 1906, and secured to them by the reforms of 1909."

However, for the reasons which they gave they did undertake that re-examination, although they said—and their words are worth the attention of the House—before they proceeded to examine the arguments:

"Thus we have had to reckon not only with the settled existence of the system, but with a large volume of weighty opinion that no other method is feasible."

They then proceeded to set out the arguments against separate electorates. Briefly, they are that they were opposed to the teachings of history, that they perpetuated class divisions and stereotyped existing relations. Those arguments were set out with all the ability of the very eloquent pen which drafted that Report. But their final conclusion, and it is a conclusion to which I must invite the attention of this House, was as follows:

"Much as we regret the necessity, we are convinced that so far as the Muhammadans, at all events, are concerned, the present system must be maintained until conditions alter, even at the price of slower progress towards the realization of a common citizenship."

Now, Sir, they did not take the view that separate electorates were anything but a hindrance, but they deliberately face the consequences of those electorates and said they were so essential that although they mean slow progress they had to be allowed in order that any progress might be made. I think that is a fair statement of their argument.

So much for the Montagu-Chelmsford Report, which in fact accepted the Lucknow Pact. Those recommendations came again under the review of a body of importance, the Franchise Committee, presided over by Lord Southborough in 1919. They made the same recommendations with changes which are immaterial for the purposes of my argument, and again these conclusions were adopted by another body, a body probably the most important tribunal that can deal with Indian affairs, before which sooner or later the present constitution will come under review. I refer to the Joint Committee of the two Houses on the Government of India Bill in 1919. They also accepted the recommendations of Lord Southborough's Committee. They did not merely accept communal representation of the Muslims, which has been the main theme of my Honourable friend's speech, but they advocated communal representation in the case of other communities. It might be interesting at this stage to give the House a very short

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statement of what exactly are the devices existing in the present constitution for the representation of minorities, whether by way of communal representation or otherwise. If the House will have patience with me for a very few minutes I will read a very brief summary of the present position.

Communal representation is at present provided for for Muhammadans in all Provincial Councils, in the Assembly and the Council of State, for Sikhs in the Punjab Legislative Council, in the Assembly and in the Council of State; for Europeans in the Madras, Bombay, Bengal, United Provinces and Bihar Legislative Councils and in the Assembly for Anglo-Indians in the Madras and Bengal Legislative Councils; for Indian Christians in the Madras Legislative Council. Seats for non-Brahmins are reserved in the Madras Legislative Council and for Mahrattas in the Bombay Legislative Council. There is no similar reservation in the Indian Legislature.

Before I pass on, I should just like to invite the attention of the House to the difference between the system of communal representation and the reservation of seats. It is this, that in the former case the electorate is separate and in the latter case, though the electorate is in a minority, seats are secured to the community in question. It is another device for securing representation of minorities. It is a device which to my mind is less theoretically objectionable possibly than that of the separate electorate, but the House must face the issue that it is another device for effecting the object in a different way. In this connection I should like to invite the attention of the Honourable Mover of the Resolution to his own evidence before the Joint Committee. Sir Sankaran Nair then said in answer to the questions of the Joint Committee:

"Q. With your great knowledge of Madras and Southern India, are you in favour of giving communal representation which the non-Brahmins are demanding in such large numbers?

A. Yes, I am.

Q. You know the Brahmo-Samaj, and its members wish, as far as possible, the abolition of class distinctions?

A. Yes.

Q. Is it not rather remarkable that members of the Brahmo-Samaj should advocate communal representation, because we have been told that communal representation would increase the caste differences and perpetuate them?

A. I cannot say anything about that. My reason for giving communal representation to non-Brahmins in Madras is that a state of things has been brought about which compels us to give it. I recognise all the disadvantages and all the difficulties attending that but now I would give communal representation to non-Brahmins simply because we cannot help it."

Perhaps my Honourable friend, when he replies, will say whether he adheres to that view. I may say that his later evidence shows that he prefers the method of reservation and not that of the communal electorate. The position in regard to minorities and majorities in India is, I venture to think, different to that which prevails in Western countries. If the House will permit me, I will read a line or two on that because it puts the matter so clearly. A distinguished writer on representative government observes:

"Perhaps it may be a good thing to consider what we mean in Western countries by the word 'majority'. There a majority is not a permanent body which can always be relied upon to support certain individuals or interests from year to year. In those countries a majority is a loosely knit and constantly fluctuating body, at one time losing members to the minority and at other times gaining members therefrom. In order to

maintain their majority the leaders of the latter have constantly to alter their programme and suit their notions and actions to what they consider to be the general public opinion. Similarly the leaders of the minority are constantly striving to change their minority into a majority and they are always ready for this purpose to take advantage of changes in public opinion and national circumstances, etc."

That, Sir, is the Western conception of a majority and a minority, and when that Western conception is the universal conception of the relations between majority and minority communities in India, then the time will have come undoubtedly when communal electorates can be wiped out. But can anybody who knows India say that that position has been reached, or has even nearly been reached? Now, the tyranny of majorities in representative institutions, even with the Western conception, is a very serious matter. I myself, Sir, have suffered under the tyranny of a majority for some three years and I can speak as the toad beneath the harrow. Apart from those sufferings which must always fall to the lot of one who leads in a House where he has no majority, there are more substantial ones even when complete representative government is attained. This is what Viscount Bryce says on the subject in his well-known book on "Modern Democracy":

"If . . . the group constitute a majority in the Chamber it is omnipotent. The ball is at its feet; it can count on passing all its measures and need not trouble to expound or defend proposals in debate except for the purpose of saving appearances and putting its case before the country. It has only to go on voting steadily what has been previously determined on in secret, uninstructed and unmoved by arguments from any other part of the Chamber, because there is no need for listening to words which cannot effect its pre-determined action. The Chamber having ceased to be deliberative has become a mere voting machine, the passive organ of an unseen despotism."

If these words could be written by a statesman of great authority in regard to the Western conception of the relations between a majority and a minority, I cannot help feeling that there might be ground for even greater apprehension in a country where that conception has certainly not yet been fully attained.

Now, Sir, my Honourable friend suggested, and I only hope he was right, that much has been learned since this new constitution has been in force. Undoubtedly great and useful experience has been derived, but on this particular subject, in so far as I am acquainted with the pronouncements of public men and public bodies, I can find no great hope for believing that any such change as he suggests has taken place. This matter, Sir, was considered in 1923 when we heard of the Bengal Pact and the Swaraj Party had certain proposals which, so far as I know, never came to fruition. Then again we have had statements by the All-India Muslim League on the subject on various occasions, and the latest word of the All-India Muslim League in 1926 is not to my mind very helpful in supporting the view that there has been a change of Muslim feeling. The matter was considered at the inquiry over which I had the honour to preside, and both the majority report and the minority report have certain observations on the subject to which I would invite the attention of the House. The majority said, in paragraph 69 of their report:

"It must be admitted that in principle these provisions are open to constitutional objection, and most of us look upon them as an obstacle to political advance, but we consider that the abolition of any special communal electorates, and in this we include reserved seats, is quite impracticable at the present time. The objections of the communities concerned are, in our opinion, far too deep-rooted to enable us to justify any recommendation in this respect. We are not prepared either to recommend even the substitution, in whole or in part, of reserved seats for separate electorates."

*[Sir Alexander Muddiman.]

That part of the Committee had a very firm opinion on the subject. I must however give a word of caution in putting forward the words of that Committee. I give them for what they are as the pronouncement of the Committee and not as in any way committing the Government of India to the conclusion at which the majority arrived. On the other hand, the minority report also has some instructive observations. They said:

"While, therefore, we think that in the present conditions it is unavoidable that due regard must be paid to communal interests and that they should be adequately safeguarded by provisions in the Constitution, we do affirm that by the mere postponement of the solution of questions connected with Constitutional advance not only will no useful purpose be served but that it may make the task more difficult in the future."

Now I am not quite sure if I quite understand what they mean, but in so far as I gather any meaning from it it is in exact opposition to my Honourable friend's Resolution. That is, they say in spite of the fact that these communal electorates are a hindrance there is, in their judgment, no ground for postponing further consideration of constitutional progress. I think I have established that far from there being any change from the first opinion I cited in 1906 up to now in 1927, there has been a continual and pertinacious demand for the continuance of these separate electorates and other devices for the representation of minorities. With what my Honourable friend said as to the canker of communal difference which is eating into the heart of India I am in full and entire agreement. I know of no greater obstacle to the progress of this country than these unfortunate differences that have arisen in so great a degree during the last few years. But, Sir, I am not one of those who can accept the opinion that these differences are in any great degree due to the creation of separate electorates. (Hear, hear). Leaving aside that school of criticism which finds in everything that Government undertakes some suspicion, some Machiavellian device, to prevent the people of this country coming into their rights, it is fairly clear that these electorates have not had that effect. They may have had some influence, I do not deny; but they are not the main cause. Moreover, this House must clearly have seen from what I have said that it was not the Government that invented these communal electorates but the people themselves, and that it would have been impossible to arrive at any electorate without a much more deep-seated quarrel than these electorates have caused, unless something of the kind had been devised. Now it is perhaps pertinent to the question, since I have denied that communal electorates are the main cause of the present feeling, to express my own views on the subject; and I will say this, that I regard the Reforms as in some degree responsible for it, and indeed it must be so. It is the favourite argument of those who attack the present constitution that nothing has been given to the people, that the Reforms themselves are a sham and that no power has been parted with. Now that, Sir, brings its own refutation. It is the fact that power has been parted with that has done so much to cause these communal feelings to break out with acerbity. Power has begun to be exercised by the representatives of the people; power has begun to be exercised by the representatives of the individual communities concerned, and it is the exercise of those powers by those individual communities that has given the edge to the present tension that exists. Among the educated it is possible—though when I read some of the speeches in the papers I find it difficult to believe that the differences between educated are in these matters confined to what I might call parliamentary feelings; but I

will assume for the purposes of my argument that among the more highly educated it is the struggle for political power that has begun which concerns the differences. The minority community—whichever it may be—is determined to see that it does not get lost in the general struggle. I will assume that for the purposes of my argument, but as I have said I have some doubt whether in some cases even among the educated classes the strife does not go deeper than that. However, when I turn from the educated to the uneducated, it is quite clear that other feelings are at work. The feeling that spreads down spreads down in a different form. It takes this form, the feeling that the other community—to use a colloquial expression—is doing them in the eye. That causes unrest and discontent to your uneducated classes, and when you have, as you have in the Hindu and Muhammadan communities, causes of quarrel at hand where anybody wishes to quarrel, you have not far to seek for the causes of communal strife. To put the blame on separate electorates alone is to take a small issue for the real cause which is, that power has been handed over to the representatives of the people and that the exercise of that power has become a source of strife between the two great communities of this country.

What does Mr. Jinnah say? He is a leading Muhammadan and has been or perhaps now is President of the All-India Moslem League. He was speaking no later than last December and he said:

“There is no escaping from the fact that communalism did exist in the country. By mere talk and sentiment it could not be removed. Nationalism could not be created by having a mixed electorate.”

If that means anything it means that Mr. Jinnah was not willing to have nationalism at the price of mixed electorates. Now my Honourable friend Sir Sankaran Nair takes the line that it is not possible to have nationalism with a separate electorate. Those are the protagonists whose cases are under consideration. Now what is the line of Government towards that? Surely the line we have pursued from the very commencement of this quarrel is that we do not minimise, we do not seek to minimise, the importance of these conditions; we do not seek to shut our eyes to them, for that would be foolish, and that is why I welcome a discussion such as that initiated by my Honourable friend to-day. But it is by telling the truth, not by putting our heads in a bag, that we can arrive at any clear understanding of the situation. What then is the attitude of Government? It is the attitude which they have persistently followed since 1906. We recognise that these separate electorates have been a difficulty, are a difficulty and will continue to be a difficulty in connection with the further advance of this country; but we recognise also that without them there can be no possibility of getting a large body of the community to come in. Therefore, there are two ways of dealing with a position of that kind. One is the way of my Honourable friend. The other is to recognise the difficulty and work the constitution though recognizing that this particular form of electorate will be a handicap. And here I will invite the House's attention to a speech which unfortunately did not attract as much attention as I could have wished; and that is His Excellency the Viceroy's speech at Poona in answer to the Moslem Deputation. His Excellency there said:

“The question of communal representation about which you have expressed anxiety is of great complexity. I have said elsewhere its only justification is that it should be the means through which every community should feel free to what it can to the common cause of the service of India. But if this ultimate purpose is obscured and if communal representation comes to be regarded as an end in itself then it has the effect of narrowing the horizon of our loyalty. What was designed to promote the cause of unity may quickly become the seedbed of divisions when different communities have to

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live together. It is incumbent upon each to recognise that the cause of peace demands a wide measure of mutual toleration and restraint. That which we claim for ourselves we must be ready to accord to our neighbours. This spirit if it may but grow will be found to be a better and more lasting solvent of the present discords than any artificial methods of representation. But until we can reach this state communal representation in some form is likely to be necessary and it is probable that a substantial modification of it must largely depend upon the general consent of all communities."

Now, Sir, if I may without presumption say, those were very wise words, words very well worth the attention of this House. Another statesman speaking in another place, the present Secretary of State for India, Lord

12 Nov. Birkenhead, pointed out that had Parliament in 1919 in the teeth

of violent opposition planned the Reforms without this feature of separate representation, it cannot be doubted that Hindu-Muslim relations would have become more inamicable than they have been. On the other hand it is almost certain that they would have been much more violent and embittered. Had we attempted to force a reform on the people of India at that time in 1919 without some form of communal representation I have not the faintest doubt that the feelings of the communities *inter se* would be far more bitter than they are at present; and speaking for myself, with the restraint which I feel I must exercise in this matter, I do not think that when the Statutory Commission comes to examine the question they will arrive at a conclusion other than the one I have suggested.

Now, Sir, in conclusion, I do consider that this debate, if conducted as I am sure in this House it will be conducted, with the object of securing a solution and not with the object of emphasising differences, may have a very valuable effect in attracting the attention of the leaders to this problem. I agree entirely on that point with the observations of my Honourable friend, Sir Sankaran Nair. I agree also with him in his very sound and reasonable conclusion that this is not a matter that will ever be satisfactorily determined by breaking heads. I would add that, as long as the present Government continues, we shall take measures to prevent the different communities from resorting to that method of settling their differences, and the House may have complete confidence in that.

The real question before the House is: "Are we to take the line that all consideration of Reforms is to be stopped in the hope that these quarrels will cease?" To that I have no doubt what the correct answer is. I have no doubt the House on that point desires no guidance from me. On the other hand to my mind it is a most reasonable and important proviso that minorities should be satisfied that their interests will be protected. That is a matter which requires the most careful consideration of every civilised Government in every part of the world. But in no part of the world does it require more careful consideration and more careful examination than in this country. I have already indicated to the House how in my opinion the Western conception of majority has not yet been reached in this country, and therefore the question of minorities becomes even of greater importance. There was a very old Latin writer who laid down this principle—and I dare say the actual words are within the recollection of those whose knowledge of classics is more recent than mine—that "this alone can be regarded properly as a commonwealth where the interests of the whole people are connected and the Government is conducted with the sole view of promoting the common good." That aim will never be reached if minorities are left at the mercy of a majority.

Now, Sir, although I have said it is well that a question of this kind should be raised and discussed in this House, it is very often well to discuss a matter and not press that discussion to extremes. I advise the House, if I may venture to do so, to hear all parties to this great question; but when the time comes for them to express their opinion I trust that they will be careful to express it in such a way that it will leave some room open for the possibility of further progress in the direction which the Government of India have in view.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, I beg to move the following amendment which stands in my name:

“That for the original Resolution the following be substituted, namely:

‘This Council recommends to the Governor General in Council that in any scheme for the future constitution of India or for the amendment of the provisions of the Government of India Act (1919), the following basic and fundamental principle be secured and guaranteed, i.e., all Legislatures of the country and other elected bodies shall be constituted on the definite principle of adequate effective representation of minorities in every province by means of separate electorates, provided that such representation shall not reduce the majority in any province to a minority or even to an equality.’”

Sir, the Resolution before the House comes upon me as a surprise. That Sir Sankaran Nair with more than a quarter of a century of public life to his credit should have thought fit to bring in a Resolution of this kind especially at this juncture of our political advancement is to me really startling. It is quite extraordinary for its quaint bluntness and unsurpassed for its ingenuity and originality.

Sir, my Honourable friend frankly asks that no further progress in our constitution should be made until the Hindus and Muhammadans agree to exercise their franchise in a common electorate; or in other words, “abolish the separate electorates or no more fresh Reforms”. Now, Sir, the Honourable Mover is not unaware of the circumstances under which we Mussalmans secured this privilege of separate electorates. It was after several years of patient agitation and wrangling with the Government and the non-Muhammadan communities that this concession was obtained. Why was it recognised as necessary and inevitable? It was freely admitted by the representative leaders of both the communities that in the present position of our community in its political, economic, and educational aspects, we Muslims cannot secure proper representation through the common electorates. This is borne out by the conditions prevailing at present in the Calcutta Corporation, the Calcutta University and the District Board of Midnapore of which I have still the honour to be a member. Similar is our situation in the case of the Dacca and Delhi Universities. The more recent and glaring eye-opener to the enthusiastic and doctrinaire advocates of joint electorates is that of Mr. Asaf Ali, who till recently was a loyal member and supporter of the Congress Party. Sir, the House will bear with me for having entered into the above details, for they illustrate my case. Being in a minority, Sir, and our educational and economic progress being not so advanced as that of the Hindus, our voice would be drowned amidst the Hindus who form the majority in every place.

Sir, I confess that I am unaware of any remarkable events in our mutual communal relations that have happened since 1919 when the Government of India Act was passed and 1927 that should have encouraged a practical politician and sagacious statement like my Honourable friend

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to bring in a proposal for the abolition of separate electorates. My Honourable friend is sadly mistaken that because for the last two or three years the Hindus and Muslims all over the country are actively hostile and have not been living in peace and mutual harmony, the Muslims would be anxious to oppose the further advance towards responsible government.

Sir, perhaps, my Honourable friend, pathetic as it may seem, appears to have torn a leaf out of Sir M. O'Dwyer's recent researches as to the causes of present communal tension. But the grant of political reforms is, in my opinion, not the real cause of the present political distempers but the unseemly fight for political leadership that exploits the gullible and the credulous folk into displaying communal antagonism as evidenced by the activities of Nationalists and a section of the Swarajists.

Sir, I wish to make it very clear on behalf of the Muhammadans of Bengal that we do want the British Parliament to grant further Reforms and to remedy the admitted defects in the present constitution, but at the same time we also insist that our present representation in the Legislatures and elected bodies being incompatible with our requirements, should be made more *adequate* and *effective*. It is not adequate because our present number of representatives in the legislative bodies is too small for our community and we feel that more members should represent the purely Mussalman constituencies than at present.

Sir, I along with Sir Sankaran Nair do recognise that joint electorates will be the best but that is the *ideal* we have to reach. I am convinced, Sir, that for some more years, my community should continue to be represented by means of a separate electorate so as to secure effective representation. The time for its abolition has not yet come. The present is the most inopportune moment for making a serious suggestion of this kind. At a time when the public peace of the whole country is torn by communal dissensions and outbursts, when the happening of some communal tragedy in one place has a sympathetic effect on the feelings of the rest of the community in another, often leading to a repetition of the same tragedy, such proposals, however innocent and well intentioned, serve only to deepen the distrust. Sir, after all we cannot get communal love made to order; mass psychology has to change considerably before we can have perfect communal concord. Sir, I speak with some personal experience of these elected public bodies for the last ten years. The recent proceedings of the District Board and the Municipality of Midnapore, which is one of the most important and biggest districts of Bengal, will reveal the shadowy and unreal nature of the joint electorate. Sir, not long ago, I happened to be the Vice-President of the District Board of Midnapore and I know this from personal experience.

Now, Sir, coming direct to my amendment I should say that so long as we do not feel secure in throwing our lot with joint electorates, so long as we feel that we are not sufficiently strong to hold our own against our Hindu brethren, it is but just that we should continue to be represented through our own electorate. It is possible, Sir, that some of my Hindu colleagues would like to reserve a certain number of seats for the Mussalman from the separate electorates and also throw open the general electorate for us. Sir, I do not hesitate to say that this suggestion is something like a bitter pill coated over with sugar; it is positively injurious and mischievous in effect at any rate at the present condition of communal

affairs. Sir, if my Honourable friend Sir Sankaran Nair and others are really keen and anxious for the early abolition of the separate electorates, they should lose no time to devise means and methods to put an end to the root causes of the present friction and strained communal relations. They can do a great deal, Sir, by virtue of their education and influence upon their co-religionists, to bring about great harmony by a just recognition of our mutual rights and duties. The name of my Honourable friend Sir Sankaran Nair is so well known throughout India, the wealth of his experience is so large and varied, his earnestness and sincerity for the progress of our constitution so real and so great, that instead of asking us to give up what little advantage we have secured, he would do well to impress upon his own Hindu brethren that the first law of all human progress is "live and let live" and that the Hindu community cannot and should not be an exception to it, if Swaraj in its true and legitimate sense is our common goal.

Sir, for God's sake let us not forget for a moment that the future of our mother country depends entirely upon the joint co-operation of both the communities broad based upon the principle of fraternity, justice and sincerity, and not upon communal jealousy or hatred generated and fostered between the Hindus and Muhammadans. And, Sir, with these observations, I commend my amendment for acceptance by the House

THE HONOURABLE SARDAR SHIVDEV SINGH OBEROI (Punjab: Sikh): Sir, though the Honourable Mover of the Resolution has not mentioned the name of the Sikhs, who enjoy the same privileges of separate representation as the Muslims enjoy, yet I feel that I will not be fair to my constituents whose solitary representative I have the honour to be in this Honourable House, if I do not voice my own opinion and the considered opinion of my community, as this debate is meant to make a change in the future constitution of India

What I have been able to find in the mind of my Honourable and revered friend, Sir Sankaran Nair, who has brought this Resolution, and who has been here from the time when the constitution was first in force in India, I mean in the Government of India and also in the India Council, is that he is distressed and pained at the present communal strife between the two main communities of India. He feels as well that in these circumstances when we are at loggerheads with each other there is no possibility of any further progress in the political field for India, and he feels also that private attempts have failed to achieve that noble object of unity between the two communities. He has just quoted what Mahatma Gandhi has said of his disappointment in all his efforts to bring forth unity amongst the two communities. He has thought fit to apply some indirect means of bringing that unity about by bringing forward this Resolution. At the bottom of his heart, as far as I have been able to read it, he does not desire to retard the further progress of India. He wishes India to progress and to attain to the full-fledged privileges of self-government. But he has tried to utilize these indirect means of bringing about unity between the two communities. So I think the Resolution deserves the deep consideration of the House, as it comes from the Front Benches and from a revered and respected Honourable friend like Sir Sankaran Nair. But I find that while the framers of this constitution have realised that any representation in the constitution by communal

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electorates will be really an impediment to the further progress of self-government, yet they have seen fit, on account of the persistent demands made by different communities, to give separate representation through separate electorates. As I have said above, my community enjoys the same privileges, though in a very inadequate form I should say, which have been enjoyed by the Muhammadans. I find that the framers of the Montagu-Chelmsford Report have put in these words:

"At the same time we feel that there is one community from whom it is inexpedient to withhold the concession. The Sikhs in the Punjab are a distinct and important people. To the Sikhs therefore, to them alone, we propose to extend the system already adopted in the case of Muhammadans."

I find that I will not be doing justice to other minority communities if I do not express my opinion that India, composed as it is of different communities, some major and some minor, cannot go forward without affording suitable and effective representation to minority communities, although this has been considered to be an impediment: If it is an evil, it is a necessary evil and it cannot be done away with.

I should like to suggest an amendment to the amendment of my friend, with your permission, which consists in adding only two words, because I feel that that might make common ground and a *via media* between the two extreme views so that Hindus and Muhammadans may come to a compromise. I feel it may serve the purpose and may be acceptable to my friend Mr. Suhrawardy. With your permission, Sir, I wish to suggest that in the amendment proposed by my friend the word "important" be added before the word "minorities" in line 7 and the word "joint" be substituted for the word "separate" in the same line. I feel the necessity for these two words in the amendment put forward by my friend. Being a member of a minority community, and a very important minority community, I am bound to sympathise with the spirit of the amendment; but at the same time I feel that if the safeguard of the word "important" is not put before minorities, it might make the whole thing complicated and unworkable, and it may be impracticable to frame a constitution. There are in many provinces at present very small minorities and if they get these privileges the communities may be split up into many sects. I find in the community of my friend the Honourable Mr. Suhrawardy there are Shias and Sunnis and Ahmadias who very recently had waited upon His Excellency the Viceroy and had put forward their claim for representation. So in every community there are sub-communities and they are sub-divided, and there is a risk of having more sub-divisions if the word minority is left alone in the amendment. So I think the word "important" should be added to the amendment. As regards the substitution of the word "joint" for "separate" I would like to say, as the Honourable the Home Member said, that the system of separate electorates has increased the acuteness of the feeling between the two communities, though it has led to an awakening of the communities. I quite agree with the Honourable the Home Member that it has been the wrong application of these privileges which has brought about this unhappy state of feelings between the two communities. I quite agree that the root of this is the separate representation by separate electorates. It is human nature that if I am sent here by only the Sikhs of the Punjab it will be my sincere and real desire to bring forward only such

measures as may please and satisfy only the Sikhs of the Province; but if I am elected by a joint electorate of Sikhs, Hindus and Muhammadans I would certainly be very careful in my conduct as a Member of the Council not to bring forward measures which may be detrimental to the interests of my brother communities, Hindus and Muhammadans. I think a joint electorate will serve the purpose of bridging the gulf to a great extent which is at present being widened every minute between the two major communities of India. I do not think there need be any fears such as were brought forward by my Honourable friend Mr. Suhrawardy that a joint electorate would be harmful to any minority community. As far as I can see for myself and my minority community, I would certainly have no objection if the sufficient number of the Sikhs of the Punjab are elected by a joint electorate of Sikhs, Hindus and Muhammadans. Then the representatives in the Council will have the interests of all the communities in mind and will not lend their support to measures which will not foster and promote the interests of all the communities, but only of one community. Of course this is a very unhappy position in which to find ourselves in these days, and every sincere well-wisher of the country is very keenly searching in his brain to find a solution to it. It is only one solution which I have thought fit to put before the House though it may not be the only one. But to my mind it is not only the separate electorates or separate representation which is the cause of all these bitter feelings which prevail in the country now-a-days. I find that the Press and the platform are being used for purposes which are more suited to self-interest—either to the preacher himself, or in support of some cause like Sangathan or Tazim which goes a long way to offend the feelings of other communities. So that separate electorates are not the only reason for bringing about this state of feelings between the different communities. The leaders of each community must think it a noble duty which falls upon them to try to checkmate all these bad influences in the country. This must be taken as a truism that we cannot have progress or any future prospect in the country unless both the communities and the Government work hand in hand to bring about happy relations between the majority communities and the minority communities, both inside the Council Chamber and outside the Council Chamber. It must be taken upon the leaders of each community to try as far as lies in their power to checkmate all the evil influences which create this bad feeling and widen the gulf between the communities. With these few remarks, Sir, I beg to propose my amendment to the amendment, if you permit it, for the acceptance of the House.

THE HONOURABLE THE PRESIDENT: Further amendment moved:

"That in the Resolution as amended by the Honourable Mr. Suhrawardy for the word 'minorities' the words 'important minorities' be substituted and for the word 'separate' the word 'joint' be substituted."

I see no reason so far why the discussion on the Resolution *plus* the amendments already moved should not proceed on general lines. I have noticed Mr. Khaparde attempting to catch my eye several times. I think he will realize that if he desires to move his amendment he should postpone his remarks until the amendments already before the House have been disposed of; and I shall put the amendments that are before the House to the House as soon as it appears to me that no further Honourable Member desires to speak on them.

THE HONOURABLE SAIYID ALAY NABI (United Provinces West: Muhamimadan): Sir, I stand here to support the amendment that has been moved by my Honourable friend Mr. Suhrawardy. After the lucid, able and masterly survey of the whole field of communal representation and separate electorates by the Honourable the Home Member, I think I would be only inflicting my speech on the House by repeating all what he has said on this subject and I do not think I can improve on that. But all that I say is this, Sir, that separate electorates and communal representation are a part of the constitution now; and they have been made a part of the constitution for a long time past. The history of that has been given by the Home Member from 1906 up to the present day. From time to time they have been the subject of public declarations by statesmen not here only in this country but also in England, and I think it is rather late in the day to go back upon them. Of course they are entitled to go back on them I quite admit, but they are only entitled to go back on them when things have changed and there too I am only repeating the Home Member. But the question is whether things have changed? We should be the last persons to say that we want separate electorates or communal representation if things are brighter or better. We recognise it is an evil but we also recognise that it is a necessary evil. We have under the circumstances to possess our souls in patience and wait for better times. Each of us in our turn should try to produce better feeling between the two communities. That ought to be our whole idea. When we have achieved our object, when we have succeeded in that direction, then it will be time for us to say "No more communal representation, no more separate electorates." But I say the question is: Have these things changed? Nobody can say in all earnestness and sincerity, nobody here can rise and say things have changed for the better. Of course everybody knows, it is a matter of common knowledge, that things have gone from bad to worse, whatever may be the reason for this. One reason was that given by the Honourable the Home Member. Another reason was also hinted at by the last speaker, namely, that it may be due to platform speeches or it may be due to the Press, or it may be due to religious propaganda, Sangathan, Suddhi and other things. But I do not think it can be said that separate electorates alone are responsible for creating bad feelings. It cannot possibly be said that separate electorate in itself has created bad blood between the communities; and I am afraid from what I have seen from 1913 down to the present day and what I remember of the year 1913 that things certainly would have been much worse, very much worse than they are now under the influence of separate representation, if there had been joined electorates. There was the cry in 1913 and prior to that that minorities cannot possibly live under the rule of the majority because the feeling was bad enough at the time, and it was to create better feelings and to remove those disabilities of the minorities and to remove their grievances, that the Hindus and Muhammadans put their heads together in the year 1916 and came to a certain agreement which has been referred to by my friend the Honourable Mover himself. That agreement that was come to between the two communities, Hindus and Muhammadans I think has worked well so far; but things are changing. Perhaps people are getting more and more power, and, as the Honourable the Home Member stated in his speech, they want more and more power; they want to know their exact position in the future government of the country, and as to what will be their status, and that is the reason that trouble politically has

been going on to some extent. But it is more, I say, due to religious propaganda and not so much to the political activities of the people. In my humble judgment, it is the religious propaganda which is more responsible for creating bad blood between Hindus and Muhammadans at present. The long and short of it is that we must try to create better feeling between the communities and a better atmosphere, and then I think things will adjust themselves. It ought to be the effort of every one, it ought to be the goal of every one to come to a settlement with the other community, and if that is done I am quite sure the time will come when this communal representation and separate electorates will be no more necessary.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): I think, Sir, that when the Honourable Sir Sankaran Nair worded his Resolution in the most extreme form, he did it merely with a view to draw the pointed attention of the country to the grave and manifest dangers of communalism, and that he could not have expected either community to agree to his proposal to stop all further advance even in the contingency contemplated by him. If I am right in my surmise, I also share the view of the Honourable the Home Member that this debate will not add to the existing tension but will serve as a useful opportunity for the frank and friendly expression of views of all sections of this House with a view to helping forward the amicable settlement of the communal problem. In this hope, Sir, I wish to state as clearly as I can the position of the Congress Members of this House. The Congress stands for national unity, on the footing of inter-communal harmony. Its scheme of responsible government is broad-based on what may comprehensively be described as "national" as opposed to "sectional" or "communal", ideals. We believe, Sir, that our salvation lies in the clear conception and practical realisation of a united Indian nation. The Congress never accepted the political heresy that the co-existence in India of communities, cultures, castes and languages is a real impediment to the attainment of full nationhood and freedom by the people of this country. But at the same time we are alive to the fact that nationhood and freedom cannot be attained without our developing a full and practical sense of justice to all communities and creeds which is in no way inconsistent with Nationalism and which is calculated to safeguard the legitimate rights of the minorities. In any scheme of political reconstruction of India, it is an inevitable feature at present. This position was made perfectly clear in the national demand placed before the Central Legislature in September, 1925, wherein we insisted upon the Government taking steps to "constitute a suitable agency adequately representative of all Indian, European, and Anglo-Indian interests to frame with due regard to the interests of minorities a detailed scheme" of self-government based on the principle enumerated in that demand. The representation of the communities in India in just and adequate proportions in the various spheres of national life and activity, with due safeguards to automatically ensure in time full nationalism and complete obliteration of communalism, is but a corollary to the practical application of these principles to the solution of communal problems. The Congress undoubtedly stands for securing such just representation through the medium of joint electorates and joint action on the part of all communities. Undoubtedly all patriotic and intelligent Hindus and Muhammadans recognise the value of joint electorates as the great unifying factors in national upbuilding. They are also alive to the disrupting and

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disintegrating tendencies of separate electorates, and are conscious of their being serious obstacles to the attainment of self-government, as the Honourable the Home Member partially conceded. There is therefore a desire on their part to arrive at an honourable understanding in the matter which will be for the lasting benefit of their common motherland. It is true that in the attempt to effect a satisfactory settlement, some Moslems and Hindus advocate the retention of separate electorates for sometime longer. But they confess they do so merely with a view to help to obliterate all traces of mutual distrust which unfortunately mars the relations of the two communities at present. They concede that separate electorates are a necessary evil and are temporary expedients to tide over the difficulties of the present situation which is hoped to be a passing phase of our national struggle for freedom. This sentiment in itself is an ample vindication of the policy and programme of the Indian National Congress. The Congress is doing all it can to remove the distrust and to bring the two communities together. The question is now engaging the serious attention of all right-thinking Hindu and Moslem leaders, and no avenue likely to lead to a settlement will be left unexplored. The working committee of the Congress is seriously tackling the problem and is preparing its report to be placed before a meeting of the All-India Congress Committee very soon.

While we cannot agree to the Resolution put forward by the Honourable Sir Sankaran Nair, we believe the matter is essentially one for negotiation and settlement between the two communities. It is therefore impossible for Congressmen to agree to any commitments in anticipation of such settlement. While we hold fast to our ideals of nationalism and have an abiding faith in their ultimate realisation, we recognise that there are no short cuts to that goal such as the one suggested in the Resolution. That way lies unwisdom, for we shall play thereby into the hands of vested interests whose one aim is to delay progress and perpetuate their domination.

The Honourable the Home Member conceded that separate electorates were a real obstacle to progress but he said they ought to be there. May I know why they should be there? Could not the Government do something to wipe them out and increase communal harmony? I believe and all Congressmen believe that it is within the power of the Government to do so if they wish. Until they do so progress will be difficult. Let me cite, Sir, to this House a small passage from Lord Durham's Report on Canada where conditions were more or less similar, with regard to the racial conflict. That report says about Governments responsibility:

"The alternate concessions to the contending races have only irritated both, impaired the authority of Government, and, by keeping alive the hopes of a French Canadian nationality, counteracted the influences which might, ere this, have brought the quarrel to its natural and necessary termination. It is impossible to determine precisely the respective effects of the social and political causes. The struggle between the Government and the Assembly has aggravated the animosities of race; and the animosities of race have rendered the political difference irreconcilable. No remedy can be efficient that does not operate upon both evils. At the root of the disorders of Lower Canada lies the conflict of the two races, which compose its population; until this is settled, no good government is practicable; for whether the political institutions be reformed or left unchanged, whether the powers of the Government be entrusted to the majority

or the minority, we may rest assured, that while the hostility of the races continues, whichever of them is entrusted with power, will use it for partial purposes."

The conditions in India are more or less analogous and it is only the Government that can really and effectively interfere, if they sincerely desire to do so.

There is also another reason, Sir, for our inability to support the Resolution. Sir Sankaran Nair overlooked an important consideration in seeking to apply his deterrent remedy to the whole of India. In many provinces the Hindu-Moslem problem does not exist for all practical purposes. If simultaneous and uniform progress is not practicable or attainable in all the provinces in India owing to communal disharmony in some provinces, there is no conceivable reason for denying further advance to provinces in which Hindus and Muhammadans are able to co-operate in putting their shoulders to the wheel of progress. Such provinces may perhaps serve as object lessons and demonstrate to other provinces the benefits of mutual trust and communal harmony as leading to speedier progress.

The Honourable Mr. Suhrawardy's amendment which seeks to instal separate communal electorates as the basic and fundamental principle of the Indian constitution is undoubtedly a most retrograde proposal. I beg of the advocates of separate electorates, be they Hindus or Moslems—there are such advocates in both the communities—to pause and give a calm thought to the implications of their demand. If the aim of my Honourable friend who moved the amendment is to secure the return of strong Moslem representatives through the separate electorates, is it not likely that the Hindus who are in a majority in many provinces will also return aggressively communal Hindus to the elected bodies? How will this process help the Moslem minorities to secure their rights? If representatives of both communities come through the same electorates, are there not more chances for the manifestation of good feeling and co-operation among them? Again my Honourable friend speaks of "effective representation". May I know how a minority can ever be effectively represented even on a communal basis in India? In a province like Madras, where the Moslems form about 7 per cent. of the population, if they are given 15 per cent. of the elected seats, can they have effective representation? How can 15 Moslems enforce their views against 85 non-Moslems? No minority can become *effective* unless it is converted into a majority or an equality. It is through the compelling forces of nationalism and patriotism that the good sense of the majority is developed not to override the rights of minorities. It is this conviction that led the Indian Christian and Parsi communities to favour all along joint electorates.

If, however, extraneous safeguards are desired for preventing majorities from treading upon the corns of minorities, then we shall have to resort to one of two expedients. We must either invest the Executive with large residuary powers of interference to protect minorities or secure statutory safeguards by enacting suitable provisions in the fundamental laws of the constitution against the infringement by majority communities of religious and social rights of minorities. My Moslem brethren will not stand to gain anything by vesting in the Executive large residuary powers. If the Executive Government functions as a responsible Government, it must necessarily yield to the popular will which is synonymous with the will of the non-Moslem majority and will be impotent to protect the interests of Moslem minorities. If the Executive on the other hand continues to be irresponsible to the Legislatures, neither Moslems nor

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Hindus will ever get self-government, therefore, that way the solution does not lie. The alternative which is the proper course, therefore, for all minorities is to ask for enacting safeguards in the fundamental laws of the constitution. This was already recognised and expressly provided for in the national demand in which representatives of all parties in the Central Legislature have joined. Let us not therefore commit political suicide by perpetuating communal electorates.

I do not wish to enter into details or controversy because my purpose is merely to make the position of the Congress clear. I hope in conclusion that it will bring home to the minds of the people the truth that if India is privileged to have even a distant vision of the Promised Land, it should see with both its eyes and if India is to breathe the air of freedom eventually it should also do so with both its lungs, the Hindu and Moslem communities. With these words I wish to say that we can neither support the Resolution of the Honourable Sir Sankaran Nair nor the amendments of the Honourable Mr. Suhrawardy, and the Honourable Sardar Shivdev Singh Oberoi.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab: Nominated Non-Official): Sir, when I first saw the Resolution of my friend, whom I have known for a very long time, I thought it was a challenge to Muhammadans and I came here to speak something plain, but as lots of my friends have said that we should try and restrain ourselves from doing so, I will be speaking under restraint.

Sir, our eminent friend has had a very great name no doubt, but just as when the sun has risen to the meridian, he is near setting in the same way one's strength of argument and clearness of vision also fade with years, and I think that such a Resolution of his naturally will not be accepted, as we all know that the Government Benches have expressed themselves against it, and there will be no Muslim who has the welfare of his own community at heart who will accept his Resolution. Another point is that we want to avoid distrust between the two communities, and our Hindu friends will be well advised also not to support this Resolution, because how has our distrust first arisen? Sir, three-fourths of the Indians were untouchables. I mean one-quarter Muhammadans and two-thirds of other untouchables, so we were in the majority; but later on these two-thirds of the community have been reclaimed by our brethren and thus they are one-quarter of Muslims left. Thus the Muslims are afraid naturally that any Raj which will be of the majority will be really a Hindu Raj. That, I think, has been very much responsible for lots of the trouble which is now prevailing in the country. When the Muslims are made to become Shudh and all these things, which in a way also go to the same end, i.e., diminishing our numbers and increasing the numbers on the other side it brings about distrust, and I think that the basic cause of most of the troubles that have happened, has been this, so that anyone, out of our Hindu brethren who is supporting this Resolution will be bringing a sort of distrust into the Muslim minds, and I do hope that the House unanimously will reject such a Resolution.

Now as to the amendment, Sir, if I would have brought it, being a Muslim I would say that we do not want any progress in the direction of Reforms until we are assured of our own separate electorate, because we find that is our only salvation. In my own country our situation is

like this that most of the Muslim voters are indebted to their Hindu money-lenders and if a Hindu was to compete with a non-Hindu he could simply dictate to all his Muslim voters that they must vote for him or he will sue them in the Court for his debts. So no Muslims will be able to come into the Councils from rural parts at all. That is to say that the whole Council has to be more or less of one community and no one has to come from the other communities.

THE HONOURABLE SIR SANKARAN NAIR: The moneylenders are being replaced by Co-operative bankers.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: I am glad that my friend has said so, but I have also said in this very House that they are coming at such a slow speed that they will not replace them in this century. But the Royal Commission on the Reforms is coming perhaps in 1929 and thus these banks will not be able to help us much in the matter. I will say now, Sir, that most of the trouble is amongst the educated people or town people, who are not accustomed very much to fighting but are more accustomed to talking. If this trouble gets into the rural parts, and especially into the rural parts of the Punjab, where the people are not talking people but people of action, I think it will be a very great calamity, and for this reason I very strongly oppose this Resolution. And at the same time I think that the amendment which is equally objectionable on the other side may just as well be withdrawn.

Then I come next to the amendment of my Honourable friend from the Punjab. Well the feelings of the two communities unfortunately have been so strained that in some electorates where one man is chosen by Hindus, Sikhs and Muhammadans, especially in the case of the University seat where all the graduates, whether they be Hindus, Sikhs or Muhammadans have got a vote, I know for certain when these feelings were high some of our Muhammadan friends, when they were choosing a Hindu Member, tried to give their votes to an inferior man simply for the purpose that he would be less harmful. So if you have an electorate like this in which every community will vote, I do not think they will be voting in the right way. . . .

THE HONOURABLE SARDAR SHIVDEV SINGH OBEROI: The present representative of the landholders in the Assembly is not of the type you have mentioned.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: I have been their representative for the last five years and if they had thought of me like that, they would not have sent me. I have their confidence. It will be seen what happens in regard to the Honourable Member next term. Of course this is our friendly talk; we challenge each other . . .

THE HONOURABLE SARDAR SHIVDEV SINGH OBEROI: It is a long way off.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: As things stand, and as I have tried to argue, I think the best thing would be for the House to reject the Resolution and the amendments.

THE HONOURABLE SIR SANKARAN NAIR: Sir . . .

THE HONOURABLE THE PRESIDENT: Does the Honourable Member desire to speak on the amendment?

THE HONOURABLE SIR SANKARAN NAIR: Yes, Sir, a few words on the amendment. My friend says that all Legislatures in the country and other elected bodies should be constituted with adequate and effective representation for minorities. I was not quite clear, even when the Honourable the Home Member spoke, as to what he meant by minorities. I wanted to confine the question to Hindus and Muhammadans. In Bengal, so far as I know, the Muhammadans do not form a minority; they are in the majority; therefore the amendment will not apply to them. In the Punjab the Muhammadans do not form the minority, they form the majority. And in Southern India where there is communal representation of Brahmins and non-Brahmins, the non-Brahmins who claim representation do not form a minority, they form a majority. So it is the majorities that are now asking for representation in all the troublesome provinces, in the Punjab, in Bengal and in Madras; so that the amendment will not touch the main question. Then again when my friend speaks of minorities, does he remember how few some of them are? In the Madras Presidency there is a minority of one, he is an atheist; and there is another minority of one or two. And there are other minorities in the Madras Presidency which number four or five. Is there any limit to it or where is it to stop? Therefore the amendment is practically unworkable; it does not apply to the existing state of things. Then there is the other question of adequate protection for minorities. What is the adequate protection for minorities? It is the Executive Government. Take my English friends here, what do they rely on? They come here in sufficient numbers to state their case from their point of view. After that they rely on the common sense of the Council, and if the Council comes to a perverse decision, then they rely on the Executive Council to override them. Therefore, as long as the British Government is here, the adequate protection is that afforded by a strong Executive Government. On nothing else can a minority rely. It is on a strong central Executive Government alone that the less powerful of the classes can rely. As to the other points in the Resolution, I have already said what I have to say. I submit that this amendment does not deal with the realities of the situation, does not deal with the facts of the case before us as between Hindus and Muhammadans.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras: Muhammadan): Sir, I congratulate the Honourable the Home Member on the manner in which he has presented the case for separate electorates before this House. I am at one with him in thinking that the evils which prevail in this country, the unhappy dissensions between different communities here, are not at all due to the separate electorates, but are due to several causes, one of which is the awakening of the people to the power that vests in them. Therefore, Sir, to try to remove these evils by getting rid of the separate electorates is not the proper way to arrive at a solution of the present problem. Sir, I recognise that the Honourable Sir Sankaran Nair was moved by very good motives in moving the Resolution which has taken most of us by such disagreeable surprise. But his intention I believe was only to draw pointed attention to the present state of strained feelings in the country; but, Sir, I am sorry that he has failed to choose either the proper method or the proper moment. He himself recognises that the feelings in the country are very much strained and that matters are not yet as they ought to be, and that attempts are being made by the leaders of the various communities here to come to an amicable settlement among themselves. He goes further and says that his object

in moving this Resolution is two-fold, first to try and assist those leaders in their attempt to arrive at a happy solution of this unhappy question. But I ask, Sir, whether to forestall those leaders, to prejudge the issue, to arrive at conclusions within the four walls of this Council Chamber without consulting the large masses that will be affected outside this House, is the proper way to arrive at a proper solution of the problem? Again, Sir, the purpose for which my Honourable friend seems to have moved his Resolution is to try and take away a pretext which may be clutched at by the Royal Commission when it comes to consider the desirability of granting further advance to this country. But, Sir, I feel that even in this he has failed as much as in his first object. Far from taking away the pretext from them he seems to have given them an absolution from all necessity to recommend any further advance. He tells them that unless the separate electorates are abolished, unless the minority communities give up their separate representation, there should be no further progress; there should be stagnation and stoppage of all useful activities. Therefore, Sir, I feel that, moved as he is by very laudable motives, by the steps he has taken in this matter he has simply succeeded in defeating the object for which he seems to have taken all this trouble. What is the Resolution, Sir? What does it recommend? It holds up all progress till a certain state of affair comes to exist in this land. Well, Sir, I ask my Honourable friend whether this is the proper attitude with which we should approach the serious problem which now confronts us. Can we approach this serious problem in this peevish manner and put it in a House like this? Can we adopt such an uncompromising attitude and say "Until I have those conditions obtaining here which I feel to be conditions precedent to the grant of further Reforms, there should be no further reforms"? Well if we are justified in assuming such an attitude, will not those in authority whom we always criticise for saying that certain conditions should obtain in this land and unless they obtain here no further advance can be made, persist in that attitude? The thing is much too obvious to need any comment.

Now, Sir, as to the various objections that have been made here, there have been several suggestions made, all of them disclosing an extreme divergence of opinion. While my Honourable friend Mr. Suhrawardy would regard separate electorates as the corner stone of any policy of Reforms, any scheme of Reforms, that may be framed for this country, another Honourable friend, Sir Sankaran Nair, feels such abhorrence for such separate electorates that he would even forego all progress and suffer stagnation if he could merely avoid these separate electorates. Now, Sir, as one who represents a Moslem constituency in the South, I am bound to voice the view which my community takes as a whole. But even I would be prepared to work for the millennium which Sir Sankaran Nair desires provided that that millennium were within the range of practical politics. However high, however noble, however alluring the ideal, we cannot lose sight of the practical, living as we do in a practical world, having to do with stern realities and ugly facts. India is a vast continent with a heterogeneous population, with different classes and creeds inhabiting this place, each one of which has got its peculiar, special interests, which need to be protected and safeguarded quite as much as the interests of the nation as a whole. To my mind it looks that so long as these special interests tend to alleviate the condition of those communities without militating against the general interest of the country at large they are quite legitimate and need to be

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promoted and protected, and to say that the country as a whole should not advance simply because a particular community will also be advancing is nothing but reactionary. The Honourable the Home Member rightly drew our attention to the observations which His Excellency the Viceroy made recently at Poona. Though communalism may not be an unmixed blessing still it would be quite all right if the various communities could make the best contribution possible to the common cause, if they are prepared to give the best they can to the common good; and therefore, Sir, I feel that any accretion to the strength of any of these communities which compose the whole body politic in our country cannot but be an additional source of strength to the whole body politic provided all the component parts of the commonwealth work together. Therefore, Sir, I feel that we need not necessarily think it wrong if any of the minority communities insist on having separate electorates. So long as there is good-will and co-operation it matters not whether we have separate electorates or general electorates: all that matters is that there should be a willingness on the part of all communities and all classes in the country to work together, to stand shoulder to shoulder in the cause of the common weal and of progress.

Sir, it may be said that if we allow these separate electorates to continue we may not all at once arrive at an ideal constitution. It may be that we may not have the opportunity to boast of having produced a facsimile of the constitution that exists in Western countries; but, Sir, if you can have some form of responsible government, some form of democracy—a democracy which though perhaps different in minor details from other democracies in the world would still be the best suited to the present condition of this country, is it prudent, is it common sense, to reject this which is the only thing possible under present circumstances simply because it will not enable us to rise one fine morning and boast of having produced an exact copy of the constitutions obtaining in other parts of the world? Therefore, Sir, my humble submission to my Honourable friends here would be that in considering a matter of such vital interest to the country they should not be guided by any narrow view but try and take a very broad view of the facts that bear upon the matter. I am one of those who do not regard the separate electorate as the best form of electorate but who as practical men would tolerate the lesser of the two evils. There are only two courses open to us—either the minorities would have to give up all their individuality or they should preserve it by these separate electorates. Between these two I think the minorities are really well advised in choosing to protect themselves by these separate electorates.

Now, Sir, something has been said about the desirability of having general electorates. I am at a loss to see why separate electorates are such a scare to most of my Honourable friends here. They admit that minorities have got to be represented by their own people; they admit also that this could not be done by merely having a general electorate; they admit that there is a necessity to safeguard their interests by making provision by way of reservation of seats. But what I really cannot understand is, when you seem to be ready to grant anything, when you see also necessity of taking special steps to protect the interests of your minorities, why you should feel so nervous about separate electorates. To my mind separate electorates are more innocuous than the reservation of seats in a joint electorate, because in a separate electorate a Mussalman or a Sikh generally

goes only to his own people and requests them to return him to the Legislatures merely on his intrinsic merits. But if instead of this, there is to be a general electorate, a Hindu going to a Hindu constituency and a non-Hindu going to a non-Hindu constituency will not only have to appeal to them on his own merits but would perhaps also have to pander to their lower feelings by trying to arouse their communal feelings and sympathy by asking them

THE HONOURABLE THE PRESIDENT: The Honourable Member has exceeded his time limit.

THE HONOURABLE SAIYED MOHAMMED PADSHAH SAHIB BAHADUR: Well, Sir, I will submit that I am not one of those who would like to perpetuate differences; but so long as these separate electorates are necessary, I am one of those who have the courage of their convictions to tolerate them.

THE HONOURABLE SIR ALEXANDER MUDDIMAN: Sir, after the long speech I made this morning the House will hardly expect anything in the way of a second speech, certainly at this moment, when our thoughts are now turning to more pleasurable things. But I have just one or two words which I should like to say to the House. The Resolution moved by my Honourable friend has provoked a most interesting debate, a debate which I think will be of the greatest value to those who in future will have to examine this difficult problem. The amendment moved by my Honourable friend as it originally ran also represents a point of view that will have to be considered. If I may suggest to Honourable Members, they represent rather extreme points of view. This is one of the cases in which it is not well to arrive at a decision in favour of one extreme point of view or the other extreme point of view. It is a case where the wise man recognises that both sides have arguments that need to be considered. Now, as my Honourable friend Sir Sankaran Nair and several other speakers have said, it is a fact that in a comparatively short time from now there must be a Statutory Commission. And it is a fact that one of the matters which will doubtless engage their attention is the question of the electorate, not merely on this narrow communal question,—for it is a somewhat narrow question, however important it may be—but the whole question of the electorate, because if you are really going to establish effective constitutional government in this country it can be on the basis of a sound electorate. I do not propose to detain the House on this amendment by examining what are the requirements of a sound electorate; but the position, I think, is incontrovertible that at that not very distant date this question will come under examination. Now, I think the House will agree that those who have spoken have rendered a distinct service in this connection. They have formulated their views in a way which will doubtless require the careful attention of the Statutory Commission. But I would ask the House “Is it wise to go further? Do you think, does my Honourable friend the Mover of the Resolution and does my Honourable friend the Mover of the amendment think that any great advantage would be served by pressing this matter to a conclusion which, I think, this House is not really capable of reaching in an effective way?” I would ask my Honourable friend the Mover whether he is not prepared, after this discussion, to withdraw his Resolution, and also my Honourable friend the Mover of the amendment whether he is not prepared also to adopt that course. I think that would be a

[Sir Alexander Muddiman.]

course which would be in consonance with the wisdom and common sense which this House usually displays.

THE HONOURABLE THE PRESIDENT: The original question was that the following Resolution be adopted:

"This Council recommends to the Governor General in Council that the number of members in the Legislative Councils in India be not increased, that their constitution be in no way modified, that no additional powers be conferred on them expressly or by implication, and that no further step towards responsible government be taken until the Hindus and the Muhammadans agree to dispense with election of members to those Councils by separate electorates composed only of Hindus or Muhammadans."

Since which an amendment has been moved:

"That for the original Resolution the following be substituted namely:

'This Council recommends to the Governor General in Council that in any scheme for the future constitution of India or for the amendment of the provisions of the Government of India Act, the following basic and fundamental principle be secured and guaranteed, i.e., all Legislatures of the country and other elected bodies shall be constituted on the definite principle of adequate and effective representation of minorities in every province by means of separate electorates, provided that such representation shall not reduce the majority in any province to a minority or even to an equality.'"

Since which amendment a further amendment has been moved:

"That in the Resolution proposed by the Honourable Mr. Suhrawardy to be substituted for the original Resolution, for the word 'minorities' the words 'important minorities' be substituted, and for the word 'separate' the word 'joint' be substituted."

The first question I have to put to the Council is:

"That in the substituted Resolution for the word 'minorities' the words 'important minorities' be substituted."

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The second question I have to put to the Council is:

"That in the substituted Resolution for the word 'separate' the word 'joint' be substituted."

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The next question is:

"That the Resolution proposed in the amendment of the Honourable Mr. Suhrawardy be substituted for the original Resolution."

The motion was negatived.

THE HONOURABLE THE PRESIDENT: That brings the Council back to the original Resolution of the Honourable Sir Sankaran Nair.

THE HONOURABLE SIR SANKARAN NAIR: If the Council will give me leave, Sir, I propose to withdraw my original Resolution.

THE HONOURABLE THE PRESIDENT: Is the leave of the Council granted to the Honourable Sir Chettur Sankaran Nair to withdraw his Resolution?

The Resolution was, by leave of the Council, withdrawn.

The Council then adjourned for Lunch till Half past Two of the Clock.

The Council re-assembled after Lunch at Half Past-Two of the Clock, the Honourable the President in the Chair.

RESOLUTION RE DELIVERY OF SPEECHES IN HINDI OR URDU BY MEMBERS OF THE INDIAN LEGISLATURE.

THE HONOURABLE SETH GOVIND DAS (Central Provinces: Hindustani General): Sir, the Resolution that I have the honour to move reads thus :

" This Council recommends to the Governor General in Council to alter the rules of legislative procedure so that Members of the Indian Legislature may make speeches in Hindi or Urdu and that these speeches be regularly reported, printed and published as part of the official proceedings of the Central Legislature."

Sir, we have been talking of Swaraj for so many years, and the word " Swaraj " has become so popular that even His Majesty the King Emperor used it in his message which he sent to us through His Royal Highness the Duke of Connaught. But, Sir, I am afraid that we have not yet understood the full significance of this word. To me, Sir, political Swaraj without Swaraj for our civilization, art, culture, and last but not least, for our language is meaningless. It is but natural, Sir, that the proceedings of the Legislature of a country should be conducted in the language which the people of that country speak. It is impossible even to imagine the proceedings of the British Parliament or of the Italian " House of Representatives " being conducted in any other language than English or Italian. But, Sir, here in our case the Standing Order No. 27 quietly lays down that " the business of the Legislature shall be transacted in English." And, Sir, to add insult to injury, Sir Frederick Whyte, the ex-President of the Legislative Assembly who presided over that popular Chaumber for about five years and who established so many useful conventions for us, says in his book, " India, a Federation? " :

" None of the indigenous languages has any chance of becoming the *lingua franca* of the whole of the Indian Empire. Therefore, whatever in future may be the language of provincial autonomy in India, English is and will remain the federal language and as such, it is one of the greatest of all the instruments in the making of Indian unity."

I repeat, Sir, that this is adding insult to injury. If English is going to be the *lingua franca* of united India, then, Sir, permit me to say that this united India will be a denationalised India. English is not and cannot be our *lingua franca*, and this, Sir, I want to prove to the satisfaction of the House.

Figures of the last census show that of the total population of India which is about 32 crores, English is the spoken language of only 3 lakhs of people and it is understood by a very small number of the population as will be seen from the Census Report. The Census Report says that in the whole of India 2.5 million persons or 160 males and 18 females in every 10,000 persons or each sex aged 5 and over can read and write English and this, Sir, is going to be made the *lingua franca* of our country. During the last 150 years of British rule, only such a microscopic fraction of the Indian population could be educated in English. With this snail speed, Sir, I put it to the Honourable Members of this House how long will it take to teach English to the whole population of this country? Then, Sir, is it desirable that the whole country should learn English and

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adopt a foreign language as its *lingua franca*? The people who abandon their own language or who are compelled to abandon it are nowhere, and they lose their individuality what the Irish poet Thomas Davis has to say on the subject in his mother tongue Gaelic can thus be rendered into English:

"A nation without a mother tongue cannot be called a nation. The defence of one's mother tongue is more essential than the defence of the boundaries of one's motherland, because the mother tongue is a more powerful barrier against the intrusion of foreigners than even the natural barriers of rivers and mountains."

And, therefore, Sir, whereas it has been the invariable policy of all the conquering races in history to thrust their own language on the conquered. The latter also have strenuously resisted these encroachments and have preferred to lose lands but not their tongue. We find it in the history of so many countries. In English itself after the Norman Conquest the Normans wanted to force upon England their language, Norman-French, which, for administrative purposes, became the common language for some time, but it was found impossible to continue this and Anglo-Saxon had to be substituted. The same thing is to be seen in the history of Poland. When Poland was partitioned amongst themselves by the Russians, Prussians and Austrians, and when these people wanted to force their respective languages on Poland, the Polish people offered an uncompromising resistance. They boycotted the educational institutions of their own country where the Prussian and Russian languages were taught, and strove to revive their ancient universities at Vilna and Cracow. The same thing happened in Hungary when the Austrians wanted to thrust their language on the Hungarians. The people of Hungary protested against it and refused to be a part of the Austrian Empire until their two conditions, one of which was that their language should have equal place in the administration of the Empire, were accepted. Ireland repeated the same thing when she was compelled to adopt English. The Irish wanted to revive their Gaelic and they did revive it. The same thing we find in South Africa. The Boers compelled the English before they entered the Union that their language should find an honourable place in the administration. The same policy is being followed by the English people in India, which will be clear from the extracts which I proceed to read, extracts from the statements of British high officials in India.

In 1792 Mr. Charles Grant, a well known officer of that time, pointed out the necessity of bringing Indians closer to England, and said:

"We shall take the most rational means to remove inherent great disorders, to attach the Hindu people to ourselves, to ensure the safety of our possession, to enhance continually their value to us."

Sir Charles Trevelyan, a Governor of Madras, under the East India Company, and also a Member of the Supreme Council in India, in his book on the Education of the People of India said:

"Educated in the same way, interested in the same objects, engaged in the same pursuits with ourselves, they become more English than Hindus, just as the Roman provincials became more Romans than Gauls or Italians. What is it that makes us what we are, except living and conversing with English people and imbibing English thoughts and habits of mind? They do so too, they daily converse with the best and wisest Englishmen through the medium of their works, and form perhaps a higher idea of our nation than if their intercourse with it were of a more personal kind."

He further says :

" The spirit of English literature, on the other hand, cannot but be favourable to the English connection. Familiarly acquainted with us by means of our literature, the Indian youths almost cease to regard us as foreigners. . . . From violent opponents or sullen confirmists, they are converted into zealous and intelligent co-operators with us."

Further on he says :

" Instead of regarding us with dislike, they court our society and look upon us as their natural protectors and benefactors : the summit of their ambition is to resemble us."

When the reins of administration of India came into the hands of Parliament, then also the policy was not changed. In 1880 Sir Alexander Arbuthnot declared :

" My conviction is that the more thorough and the more complete the education is which we impart to the people of India, the better fitted they will be to appreciate the blessings of British rule and the more they will depreciate any material change in the existing order of things."

In 1880 Sir Richard Temple, in his book "India in 1880" said :

" Nevertheless, a well-founded assurance may be entertained that those natives who have learned to think through the medium of the language and are imbued with the literature and the philosophy of England, will bear towards the English nation that heartfelt allegiance which man may feel without at all relinquishing their own nationality."

So, Sir, it is clear that the policy of educating Indians in English was adopted by the English people only to establish themselves here and to destroy our own nationality.

Now the question will be that if English is not and cannot be our *lingua franca*, which is the other language which can be the national language of this vast land? Fortunately for us we have such a language and that is Hindi or Urdu. It may be said that Hindi and Urdu are not one and the same. Let me point out, Sir, that they are the same. The construction is the same and the grammar is the same. A European gentleman, Dr. Beems, says :

" It betrays a radical misunderstanding of the whole bearing of the question and the whole science of philology to speak of Urdu and Hindi as two distinct languages."

I am sure, Sir, that my Honourable friends, the Muslim Members of this House, will bear me out in this and say that Hindi and Urdu are not two different languages, and that is the reason why I have put " or " and not "and" between the words "Hindi" and "Urdu" •in my Resolution.

Now let us see what is the existing position of Hindi in this country. There are, according to the last Census Report, 13½ crores of people, who speak this language, and then practically all the Bengalis who number nearly 5 crores, two crores of Mahrattas and one crore of Gujratis understand it more or less. All these communities can very well follow Hindi, although they experience some difficulty in speaking it, but even this difficulty can be easily surmounted. In Southern India people who are a little above 4½ crores do not understand Hindi at present, but let me inform the House, Sir, that even to them Hindustani is not Greek. For the last seven years a branch of the Hindi Literary Conference has been working there with most satisfactory results, and in the National Congress held at Cocanada the Chairman of the Reception Committee, himself a Telugu, read his address in Hindi. The same year a special session of

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the Hindi Conference was held there, and at that Conference too the Chairman of the Reception Committee, again a Telugu, delivered his address in Hindi. Many Southern Indian people, Tamils and Telugus, took part in the proceedings and read out a number of papers written in Hindi.

The next question will be whether the people inhabiting different provinces of India, Bengalis, Gujratis, Mahrattis, etc., will accept Hindi as the national language. I shall quote the opinions of the scholars of these languages. Let us see what they say. Dr. Rabindra Nath Tagore, a man of world-wide fame in the domain of literature and the greatest poet of Bengali has accepted Hindi as the national language. Sir Guru Das Banerjee, Romesh Chandra Dutta, and Doctor Rajendralal Mitra have done the same thing. The late Romesh Chandra Dutta said:

"If there is a language which will be accepted in a larger part of India, it is Hindi."

Dr. Rajendralal Mitra said:

"Hindi is the most important language of India and it is the language of the educated people of India."

The same thing we find in regard to the Mahrattas. It was only a year and a half back that Maharashtra scholars assembled in a Marathi Literary Conference passed a resolution accepting Hindustani as the *lingua franca* of India. Lokmanaya Bal Gangadhar Tilak, the first All-India leader, began to learn Hindustani and I myself heard him deliver a speech in it at Jubbulpore some time before his death. Dr. Bhandarkar says:

"The honour of being made the common language for inter-communication between various provinces must be given to Hindi. There does not seem to be much difficulty to make Hindi accepted by all throughout India."

The Historian Rao Bahadur Chintamani Vinayak Vaidya says:

"Hindi is from every point of view by far the most suitable language to be selected as the *lingua franca* of India."

Guzerat's devotion to Hindi cannot be emphasised too much. Swami Dayanand Saraswati and Mahatma Gandhi are her two greatest sons. The former wrote all his works in Hindi and preached his religious doctrines in it. Mahatma Gandhi is a great advocate of the Hindi language and it is through his efforts that Hindustani became the language of the Indian National Congress. What does he say? He says:

"English will never be learnt by the masses and we have to reckon daily more and more with the masses in all our political transactions. As against hardly one per cent of the total population knowing English, over sixty per cent of the total population of India at the present moment understands the ordinary rustic Hindustani."

We find that even in the past many authors of Bengal, Maharashtra and Gujrat have written in this language. Mirabai and Narsi Mehta were two famous poets of Gujrat who wrote in Hindi and even to-day poets Dayaram and Narnada Shankar have written in Hindustani. In Bengal Justice Sharda Charan Mitra and Amritlal Chakravarti patronised Hindi by their writings. In Maharashtra Saint Tukaram and Moropant wrote in the past and Pandit Madhava Rao Sapre and many others have written in Hindustani even these days.

Now let us see what Europeans say about it. Dr. Grierson, the great Orientalist of the Linguistic Survey of India, says:

"Then the language fulfilled a want. It gave a *lingua franca* to the Indians. It enabled the men of widely different provinces to converse with each other. It was easily intelligible everywhere, for its grammar was that of the language which every Indian had to use in his business relations with Government officials and its vocabulary was the common property of all."

Mr. Frederick Pincott says:

"The Hindi language has grown apace and cannot much longer be denied its rightful place in the public offices of the sixty millions of people who speak it. The Hindi language is rapidly forcing its way to the front and the enormous literature now in process of formation will render it impossible for the present extraordinary state of things to be long maintained."

Now let us see what the policy of the Indian States is regarding Hindustani. I will not speak about those Indian States which are Hindi-speaking. I will speak of only those whose language is not Hindi. In Baroda, though the language of the Royal family is Maharati, and the language of the people is Gujerati, they have made a knowledge of Hindi compulsory in their educational system. Hindi is now being taught to everybody there. Gwalior and Indore are two other Indian States where, though the language of the Royal families is Maharathi, Hindi is used as the language of their States.

Then, Sir, let us see whether Hindi possesses a vocabulary fit for becoming the *lingua franca* of the country. The old idea about vernaculars was that they were "a fantastic thing, unintelligible, foolish and full of unmeaning vain pedantry." That was the idea of Europeans in the old days. Now all this is changed.

Mr. Crust in "Linguistic Oriental" says:

"Indian vernaculars are magnificent vehicles of speech and capable of expressing any human conception and being the vehicle of the highest scientific education."

We read in the Census Report of India of 1901 in Volume 1, page 307:

"Hindi possesses such a vocabulary and a power of expression not inferior to that of English."

Then, Sir, there is another question. It will be asked whether it is easy to learn Hindustani

THE HONOURABLE SAIYID ALAY NABI (United Provinces West: Muhammadan): May I rise to a point of order? Is my friend the mover of the Resolution in order when he talks about a *lingua franca* and refers to the sayings of other people, however eminent they may be? The only question before the House is whether the proceedings of this House should be printed, published and circulated in Hindi and Urdu or not, and the question of the *lingua franca* is absolutely irrelevant to the question.

THE HONOURABLE THE PRESIDENT: I take it that the Honourable the Mover of the Resolution is seeking to establish the point that the proceedings of the Council should be, when printed, intelligible to everybody who wants to read them. That I imagine is his point, that the proceedings of the Council should be printed in Hindi or Urdu so that all those who understand Hindustani, which I understood him to say, will be the whole population of India, will be able to read the proceedings of the Council.

THE HONOURABLE SETH GOVIND DAS: Mr. Mackmurdy says:

"The English language is difficult to a foreigner for three reasons: its mode of spelling is irregular, the vocabulary is very copious, and it has many peculiar idioms."

Now, Sir, let us see what Mahatma Gandhi says about the learning of Hindustani, whether it is difficult or easy. He says:

"An average Bengali can really learn Hindustani in two months if he gives it three hours per day, and a Dravidian in six months at the same rate. Neither the Bengali nor the Dravidian can hope to achieve the same result with English in the same time."

Thus, Sir, when almost the whole population of India can understand Hindustani and when half of it can speak Hindustani, is it not a tyranny to compel us to have our proceedings of the Central Legislature in English which is spoken by only 300,000 people and which is understood by not more than 3,000,000 of the people in this country, that is by about 1 per cent. of the population. For a handful of Europeans, who call themselves the servants of India, we are compelled to conduct our proceedings in the English language. If they are really the servants of this country they should learn our language. They are the servants of India but we have to learn their language and have to conduct our proceedings in that language. The present Standing Order, Sir, gives preference to the English language. It says:

"The President may permit any Member unacquainted with English to address the Council in the vernacular."

Well, Sir, this at its best can only mean that the vernaculars are merely tolerated. Just as our Indian officials, my Honourable friend Sir Muhammed Habibullah and the Honourable Mr. S. R. Das, although occupying such high posts, are merely tolerated because high offices are generally given to Europeans. Similarly our vernaculars are put up with because this cannot be helped. I say, Sir, that the position should be reversed. As we want to Indianise the services, we wish to Hindustanize, if I may use the term, our Legislatures and their language. Then, Sir,

3 P.M. it is lamented that the masses are apathetic towards the reforms and the newly established Legislatures, but what is the reason? The reason is that they cannot follow the proceedings of these Legislatures. What do we see up in those galleries there? Either English-knowing people come to watch our proceedings or such people come here as are fond of seeing the grandeur of the House or the handsome faces of Honourable Members! Sir, there are very few people who come here to follow our proceedings. The same apathy used to be seen in the Indian National Congress until the Congress adopted Hindustani. Up to 1919 a limited number of delegates went to the Congress. Very few visitors came. But from the time the Congress adopted Hindustani as the language of its proceedings we saw a very great change. And I assure the Government the day they reverse this position here in this House they will find the galleries will be packed with visitors taking a real interest in our proceedings.

Another difficulty that will be put before the House is, Sir, that there is no Hindustani shorthand—either in Hindi or in Urdu (*An Honourable Member*: "No, there is") I say I am afraid some one will advance this plea but as some Honourable friend just said this is not correct. There is such a shorthand and I say it is a very perfect one. In fact, the Hindi shorthand is more perfect than that of English. No man can learn English shorthand in less than 4 months; while a man may master the Hindi system

of shorthand within two months. The system was tested in 1921 when the Congress adopted Hindustani as the *lingua franca*; and the whole proceedings of the Ahmedabad Congress were correctly taken by this system. So let us not be afraid of this. The day the Government encourage people to speak in Hindustani they will find that many people will come here well versed in Hindi shorthand and will take down the reports very easily.

In conclusion, Sir, I will appeal to the Government. They say that evolving an Indian nation and giving Swaraj is their declared policy. Allow me, then, to say, Sir, that a national language is the *sine qua non* of nationality. We have fortunately one such language which is and can be the national language, which can become the *lingua Indica*. What do we find in Germany? Up to the Treaty of Frankfort Germany was divided into so many languages—High German, Low German, and so many other dialects; but after they adopted one language they became a great nation. Let the Government adopt Hindustani and I assure them that they will see that the Indian nation will be built up in no time. Then, Sir, whenever we demand Swaraj, the Hindu-Muhammadan question is trotted out; but fortunately on this question, Sir, we are all united. Hindus and Muhammadans are united on this question. Sikhs are one with us. All their religious books, including their Granth Sahib, are written in Hindustani. So I say that all the communities of India, whether they be Hindus, Muhammadans, Sikhs or Jains, are united on this demand. Let the Government by accepting this Resolution give a proof of the sincerity of their declaration that they are striving to build an Indian nation. With these words, Sir, I commend my Resolution to the acceptance of this House.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab : Nominated Non-Official): Sir, if this Resolution had been so worded that the whole of the proceedings of the Council should be in Urdu I would have supported it, because most of the English people who come to this country have to pass a language test, some of them before they are given promotion in the Army, and the civilians could not carry on their work if they did not know the language of their province. I think Urdu and Hindi are considered to be the court languages. (*The Honourable Sir Arthur Froom*: "What about Madras?"). Perhaps not in Madras. But what I mean is that if the whole debate were in Urdu everybody would understand it and the debates, when published, would be of some use. But simply for Members at their choice to speak Urdu or Hindi would be such that it is bound to bring down the standard of some of the Members. If a Member who stands for a constituency can speak Hindi the constituents will say "He is all right; why not allow him to go to the Council". They will elect him and when he comes here he will not be able to follow the debates. Perhaps he will read his speech, although another member may have said all he says in English and even the President, not being able to follow him, will not be able to stop him if he is repeating what somebody else has said or not. One of the rules of this House I believe is that one should not repeat what another has said in a debate. In the same way the Madras people will say "We speak Tamil" or some other dialect they may have. Then the Tamil-speaking members will be returned who would come here and would not be able to follow either English, Urdu or Hindi. So there will be a very curious sort of debate altogether in this House. There is a story of a man who was walking home when another man saw him bringing some vegetables from the bazaar. The second man told the first man, "Mizaj Sharif" which means "How are you?". Then he asked

[Sir Umar Hayat Khan.]

"How are your children" to which the other man replied: "*Sab ka Bharta banaenge*". He was being asked about his children and he said he was going to chop them all up! That will be the state of confusion which will prevail in this Honourable House if the Resolution were carried. In the Provincial Legislative Councils where people are allowed to speak in the vernacular, some people go there of such a standing that they are absolutely no use to their community or to their constituency. They do not follow the debates and when they cannot follow they go out. I know of one occasion when a great number of such members who did not want a certain measure to be passed got so bored in the Council that they all went out to drink tea. They did not know how far the debate had gone and the measure was passed in their absence. So it is for the sake of efficiency that I am not in favour of this Resolution as it stands. But I do say one thing, that if the idea be to hold the whole debate in the vernacular, say Urdu, and make Madrassis read it and everybody read it as a common language, it will be absolutely the right thing for the Council and the people. Had the Resolution been worded like that I would have given it my whole hearted support.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (North-West Frontier Province Nominated Non-Official) Sir, I do not know if the Honourable the Mover of the Resolution meant to say that all students get spoilt by assimilating English manners. I do not know about the correctness of his saying that by assimilating English manners we get spoilt. I should say the case is quite the other way about, Sir. Nobody has forced anybody to pick up the worst literature in English. English literature is very vast, and it is for the student to pick up the best in it. As a Muhammadan I can assure him that it is laid down in our Shariyath and our tradition tells us that we are to go and seek the best of everything no matter where it may be, wherever it is to be found, whether in English, in French or in German; no Mussalman should spare the trouble but he should go and study the very best literature and should follow the very best manners, no matter from what nationality they may come.

Then there is another thing. I do not think that, if certain Members want to express themselves in Urdu or Hindi or in their vernacular, there has been any restriction imposed upon them. The Honourable the Mover must have heard the Honourable Nawab Sahibzada Mehr Shah delivering his speech the other day in Urdu; nobody objected to it.

THE HONOURABLE MR. S. R. DAS: Was it Urdu or Hindi?

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN: Urdu.

THE HONOURABLE MR. S. R. DAS: I thought it was the same.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN: Before that the late Nawab Sir Behram Khan always used to make his speeches in Urdu and nobody ever objected to his doing so. But of course there is one thing. It could very easily be done. If a Member after having finished his speech were to hand over his Urdu speech or Hindi speech to the reporter here, it could very easily be translated into English and published with the other speeches. I agree that Urdu will be understood by the people of the Punjab, North-West Frontier Province and the United Provinces, and, I should say, by some people of Bengal and not by everybody.

by most people in the Central Provinces: Bombay people too can understand Urdu. I do not know anything about Madras; but there are a good many people who can understand Urdu quite well in the Nizam's territory. So I do not think it will be a very difficult business to acquire Urdu. I do not know anything about Hindi, but I say it ought not to be very difficult for a person to acquire a sufficient knowledge of Urdu or Hindi—in fact I should say it can be gained quite easily—within six months' time. (*An Honourable Member*: "Two months".) I cannot say two months but I should say six months; I am talking of Urdu because that is my experience; and Urdu I should say is understood by a good many of the Englishmen too. If a speech is made in Urdu in this House, I do not think that it will be listened to with a vacant air; there will be a good many Members who would understand and follow it. I have no objection particularly to Hindi, although there may be some different wordings which perhaps at the very beginning we people will not understand; but we can acquire them very easily if we apply ourselves to it. As I have said in the very beginning, I do not think that the delivering of a speech in Urdu or Hindustani or Hindi will be objected to by anybody and I do not know that there is any restriction about it in the Standing Orders. The Honourable the Mover of this Resolution has my sympathy at any rate, and I think I will support him in the Resolution he has brought forward.

THE HONOURABLE MR. W. A. GRAY (Burma Chamber of Commerce): Sir, when I saw this Resolution on the paper I wondered how the Honourable Mover was going to fit the province of Burma into the scheme of things and I am not surprised that he has omitted it from consideration altogether. Sir, would it not be a tyranny if the inhabitants of Burma, and—I think I may say—the inhabitants of Southern India also, were compelled to learn Urdu and Hindi?

THE HONOURABLE SAIYID ALAY NABI: Sir, the question before the House is a simple one, though I think it has been to some extent complicated by the fighting speech of the Honourable the Mover. By that speech perhaps he might have prejudiced his case and he might have alienated the sympathies of others. But there is one thing to which I gladly subscribe in this Resolution and that is the latter portion of it where it is said that these speeches be regularly reported, printed and published as part of the official proceedings of the Central Legislature. My point is this, that if you allow a certain Member for one reason or another to speak in Urdu or what he calls Hindi—though it does not make any difference between Hindi and Urdu from what I have heard from him—the only difference is of the script and not the language—if you allow a Member to speak in Urdu or Hindi, then he should have the ordinary and common advantage of his speech being reported in the proceedings of the Council. Otherwise his speech goes without notice and the countryside is not aware of what he has done to advance the interests of the country in the Council, and I think it is but fair that after having allowed him to speak in that language his speech should go out to the public in order that his constituents may know what he has been doing on their behalf in this House. So far as that is concerned, Sir, I would support the Resolution.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, I shall say very few words. I quite sympathise with my Honourable friends on the opposite side because I am practically in the same position as they are with regard to Hindi or Urdu. But I find that

[Mr. V. Ramadas Pantulu.]

the Honourable Mr. Govind Das only says that a Member may make speeches in Hindi; luckily he does not say that we ought to; in that case I should have found myself in a very difficult position. But we in Madras are trying to learn Hindi because we really feel the necessity for a common language all over India for many purposes, not only for the purposes of the Legislatures, but also for the purposes of political work, social work and other work in the country. For my part I do not think for that reason that I can complain because it only lays down a permissive rule. With regard to the existing rule all that it says is, I believe, that people who are unable to speak in English may make speeches in the vernacular. There is a great deal of latitude in that rule, I say, because, it is open to many of my European colleagues on the other side, if they gave an honest opinion, to say that most of us on this side really do not know how to speak English. It is a question of degree. I do not know that all of us can speak English sufficiently well to say that we are able to make speeches in English. Therefore on this ground the practice in the Madras Legislative Council is for the President not to go very deeply into the question, whether a particular Member knows English or not; if he chooses to make his speech in the vernacular, he generally permits it and I dare say, Sir, that you also will follow the same example, and if any Member wishes to speak in Hindi or Urdu you may tacitly understand him to say that he does not speak sufficiently well in English. The rule is elastic enough for the purpose. Apart from this, the request to allow Members to speak in Hindi comes a day not too soon, because the tendency is to return to these Councils people in increasing numbers who are not conversant with English, and though you occasionally permit Members to speak in the vernacular, in Hindi or Urdu, still I think a larger latitude should be given to Honourable Members of this House, if they wish to speak in the vernacular. The only difficulty will be about the interpretation of those speeches, but I shall be very glad if the Honourable leader will arrange for suitable interpreters for the benefit of all the Members of this House, and I do not think it will be very expensive to provide for interpreters when the Members are allowed to speak in Hindi or Urdu. On the whole, Sir, the desire to make speeches in the Central Legislature in the national language of the country or in a vernacular is a very legitimate one, and I hope the Honourable Member in charge of this Resolution will not oppose this Resolution, because it is only permissive, and I hope the Government will see their way to accept this modest Resolution.

*THE HONOURABLE SRIJUT LOKENATH MUKHERJEE (West Bengal: Non-Muhammadian): Sir, I rise to support the Resolution moved by my friend Seth Govind Das, and in doing so, I have no hesitation to admit that Hindi or Urdu is not my mother tongue, nor can I speak fluently in either of these languages. On the other hand, I, as a Bengali should naturally like to have Bengali as the only medium in my province. But that is no reason why as an Indian I should not press for a common medium which may be acceptable to the whole of India. With these words, Sir, I support the Resolution.

THE HONOURABLE SHAH MUHAMMAD ZUBAIR (Bihar and Orissa: Muhammadian): Sir, I rise to support the Resolution moved by my Honourable friend, that Members of the Indian Legislature may be allowed

*Speech not corrected by the Honourable Member.

to make speeches in Hindi or Urdu. It is an important Resolution and has been very carefully worded. To my mind, Sir, Hindi or Urdu as is generally spoken and understood is one and the same language, except that there is a difference in the script. No doubt an attempt is now being made in some quarters to use more Sanskrit and Vhasha words in Hindi, but the Hindustani which is now being encouraged by the Indian National Congress is neither Arabicised Urdu nor Sanskritised Hindi. With these words, Sir, I support the Resolution. •

THE HONOURABLE MR. S. R. DAS (Law Member). Sir, I sympathise with the Honourable Mover in the motion which he has just placed before the House, but I am afraid on practical grounds I must oppose the Resolution. Now, the Resolution may conveniently be divided into two portions. The first part is that Members of the Indian Legislature may make speeches in Hindi or Urdu, and the second part is that those speeches should be reported, printed and published as part of the official proceedings. Now, the practical difficulty that strikes us with regard to the speeches being allowed to be made in Hindi or Urdu is this. I am not going to deal with my friend's contention what should be the *lingua franca* of India or what should be the national language. After all, we have got to take facts as they are now, because this motion, if it is passed, has to apply to present circumstances. Now, what are we here for? We are not here, I take it, to make speeches so that they may be reported and read by the public outside, although that is one of the objects, but the real object is that we should try to press our views amongst our colleagues, controvert the views put forward by our opponents and persuade them to adopt our views. Now, surely in order to do that, I must speak in a language which can be understood by most people here. It is no use my speaking in Hindi or Urdu if I am trying to controvert a Resolution moved by a Member of the House who does not understand Hindi or Urdu, and I do not think my friend Seth Govind Das will go so far as to say that every Member of this House understands Hindi or Urdu at the present moment. We have got to take the facts as they are. The other day the Honourable Saiyad Mohamad Mehr Shah spoke, and I dare not say whether he spoke in Urdu or Hindi. One Honourable Member just said that it is the same thing. I may say that I am equally ignorant of both, and I could not follow a word of what he said. Now, what is the good of making a speech which I cannot follow which I doubt if my friend Mr. Ramadas Pantulu could follow, which could not be controverted, which could not have the slightest effect on our deliberations. When the day comes when Hindi or Urdu becomes the common language of all, I can understand that being the language in which speeches should be allowed to be made. Sir, this matter was very carefully considered at the time the rules were framed, and it was felt that, in order to make the debates in this House and in the other House really intelligible, and to make them effective, that English should ordinarily be the language, because, as matters stand at present, that is the language which is understood by most of us. In fact, I believe, in this House, with the exception of my friend Saiyad Mohammad Mehr Shah, and even he understands a little English though he cannot speak it, every one understands English, and the rule provides that, should there be a case like that of my friend Saiyad Mohammad Mehr Shah who cannot speak in English, the President may allow the Member to speak in Hindi or Urdu. Now, take that very instance of the Honourable Saiyad Mohammad Mehr Shah. What good did that speech do? It may have been an excellent speech; for all I know, it may

[Mr. S. R. Das.]

have been a very persuasive speech. But after all, what was the good of that speech so far as we were concerned? I could not understand a word of it, and as I said, there must be many Members here who could not understand a word of it either. Hindi and Urdu may be the same language,—I do not know. But so far as I am concerned, I can follow Hindi to a certain extent, and I certainly cannot follow Urdu, and most people in Bengal are unable to follow Urdu, except of course a few among the Muhammadans, and even all Muhammadans in Bengal cannot follow Urdu. So that from a practical point of view I am obliged to oppose this motion. We must take things as they are now. I dare say it is very desirable that Hindi or Urdu should at one time become the national language of India and therefore that should be the language of our deliberations also, but that is not the case now. My Honourable friend Mr. Ramadas Pantulu says that in Madras they are learning Hindi. All to the good; let them learn Hindi, and when they have learnt it, they will be able to follow our proceedings when they are conducted in Hindi, but they do not know it now. What is the object of having our speeches in Hindi which they cannot understand? Similarly, take the case of Burma. After all, a time may come when Burma may be separated from India, but for the present Burma is there; but how can you have speeches in a language which a Burmese cannot follow? So that from a practical point of view, it will not be possible to accept this Resolution, and I trust that this House really would be carried by practical considerations, and not merely by sentiment, and that they will not agree to this Resolution.

Then take the next part which suggests that the speeches made in Hindi or Urdu should be reported, printed and published as part of the official proceedings. Well, when a speech is made in Hindi or Urdu by the permission of the President, we do report it. But my friend says that very few people outside know English and therefore these speeches ought to be published in the vernacular so that they can all read it. There is something to be said in favour of that part of the Resolution, because if you want the outside public to understand what is being done here, you must publish the proceedings in the vernaculars so that they may all read them, not merely Hindi or Urdu, because for the present there are other languages, and there are people who do not understand Hindi or Urdu.—I can understand the speeches being reported and published in all the vernaculars.

But that would be a very expensive job, and after all, will it really serve any useful purpose? Even the English reports which are now published, how many people outside the House read those reports? How many people of the small number who know English read the reports of our proceedings? The public generally get to know of our proceedings through the newspapers. What is the difficulty? The newspapers report the speeches made here in the various languages in which the newspapers are published. They may report them in Bengali, in Hindi, in Urdu, even in Malayam. There is nothing to prevent that, but the reporting of the speeches in those various languages in the proceedings of this House would serve no useful purpose. The outside public will never read the proceedings, and therefore it would be incurring useless expenditure. Therefore although I sympathise with my friend's Resolution, at least the

sentiment which underlies that Resolution, I hope this House will take the practical point of view and will not, if I may say so, commit itself to a Resolution which really cannot serve any useful purpose.

THE HONOURABLE SAIYID ALAY NABI: Do I take it that the Urdu speeches made by Members here are translated into English and published?

THE HONOURABLE THE PRESIDENT: I think if the Honourable Member will look at the Appendix of the issue of debates, which contains the Budget discussion, he will find a translation of the Honourable Nawab Shah's vernacular speech

THE HONOURABLE SETH GOVIND DAS: Sir, much has been said against my Resolution by my Honourable friends, Colonel Nawab Sir Umar Hayat Khan and Mr. Das. Sir, I would have myself liked to have put the Resolution before this House in the words of Colonel Nawab Sir Umar Hayat Khan, but I am afraid, Sir, that that would have appeared still more impractical in the eyes of the Government; as is clear from the fact that even in my modest language it has appeared so to my Honourable friend, Mr. Das. If I had brought a Resolution asking the Government to compel all the Members to speak in Hindi and not in English, what would my Honourable friend Mr. Das have said? He would have said the same thing that he is saying now and would have said it with much greater force. I say I would have liked to have brought that Resolution, and would have satisfied Colonel Nawab Sir Umar Hayat Khan, as well as myself but I did not do so, afraid as I was of the practical bogey.

My Honourable friend, Mr. Das, has said that we should see the question from the practical point of view. He appreciates my sentiment and admits that there should be a national language, and I take it that he accepts this also that English cannot be our national language, although he has not said this in so many words. He knows that if after 150 years of English rule, English has not become our national language, how can it become now? He feels the same practical difficulty in the case of the English language. Then he asks me to wait up to the time Hindi is understood by everybody throughout the country. We have waited for 150 years. We are every day degenerating so far as our language is concerned. It is a matter of common knowledge that there are some Indians even to-day who think that Hindustani or Hindi cannot be made the national language and that English alone can take that place. If English becomes sufficiently diffused they and the Government will say that as English is now firmly established, let there be no talk of making any other language our *lingua franca*. So I ask him to accept my Resolution and show that the Government have the cause of Hindi nearest to their heart and that they want it one day to become the national language of this country. What do I ask, Sir? I merely ask that those persons who want should be allowed to speak in Hindi irrespective of the fact that they can or cannot speak English. I do not compel the Honourable Members who want to speak in English to speak in Hindi. I merely claim equality for Hindi from the Government and nothing more; and when such a moderate measure, so important a measure which has so great a sentiment behind it, is opposed by the Government, I simply feel staggered.

I am unable, Sir, to accept the arguments which have been put forward by my Honourable friend, Mr. Das, and I move my Resolution.

THE HONOURABLE THE PRESIDENT: The question is:

"That this Council recommends to the Governor General in Council to alter the rules of legislative procedure so that Members of the Indian Legislature may make speeches in Hindi or Urdu and that these speeches be regularly reported, printed and published as part of the official proceedings of the Central Legislature."

The Council divided:

AYES—12.

Akbar Khan, The Honourable Major Nawab Mahomed.	Ramadas Pantulu, The Honourable Mr. V.
Govind Das, The Honourable Seth.	Rama Rau, The Honourable Rao Sahib Dr. U.
Manmohandas Ramji, The Honourable Mr.	Roy Choudhuri, The Honourable Kumar Sankar.
Muhammad Hussain, The Honourable Mian Ali Baksh.	Sett, The Honourable Rai Bahadur Nalininath.
Mukherji, The Honourable Srijut Lokenath.	Sinha, The Honourable Mr. Anugraha Narayan.
Ram Saran Das, The Honourable Rai Bahadur Lala.	Zubair, The Honourable Shah Muhammad.

NOES—22.

Alay Nabi, The Honourable Saiyid.	Haig, The Honourable Mr. H. G.
Bell, The Honourable Sir John.	McWatters, The Honourable Mr. A. C.
Brayne, The Honourable Mr. A. F. L.	Misra, The Honourable Pandit Shyam Bihari.
Charanjit Singh, The Honourable Sardar.	Ramny, The Honourable Sir George Stow, The Honourable Mr. A. M.
Corbett, The Honourable Mr. G. L. Das, The Honourable Mr. S. R.	Suhrawardy, The Honourable Mr. Mahmood.
Evans, The Honourable Mr. F. B.	Swan, The Honourable Mr. J. A. L.
Forest, The Honourable Mr. H. T. S.	Symons, The Honourable Major-General T. H.
Froom, The Honourable Sir Arthur.	Tek Chand, The Honourable Diwan.
Gray, The Honourable Mr. W. A.	Thomas, The Honourable Mr. G. A.
Habibullah, The Honourable Khan Bahadur, Sir Muhammad, Sahib Bahadur.	Umar Hayat Khan, The Honourable Colonel Nawab Sir.

The motion was negatived.

RESOLUTION RE ELECTION OF DEPARTMENTAL ADVISORY COMMITTEES.

THE HONOURABLE MR. V. RAMADAS PANTULU: (Madras: Non-Muhammadian): Sir, I beg to move the following Resolution which stands in my name:

"This Council recommends to the Governor General in Council to modify the rules relating to the constitution of Departmental Advisory Committees in such a manner as to provide for election of all the members of the Advisory Committees and to abolish the system of electing panels from which Members are selected to serve on those Committees."

I propose to say only a very few words on this motion. These committees, as their names imply, are purely advisory in their function. They have not got the initiative of bringing before the Government any measures

they want to advocate. They are really consulted by the Government on measures on which Government wish to consult them. It will certainly tend to the convenience of various groups in this House if they are allowed to select their own representatives and I do not see why the Government should insist upon having a large number of Members elected to these panels from which they can choose their own men. I do not see why for these impotent bodies the Government should be suspicious about Members being sent by direct election. The election by a single, transferable vote is a safeguard to enable the Government to get suitable men. It will conduce to the self-respect of Members of this Council to be elected entirely by the House instead of its being left to the choice of the Government either to select or not to select them when they are put on the panels. There is no danger to Government by acceding to this proposal for, as I have said, the functions of these bodies are advisory and they have no power to influence the Government in any way. With these words I move the Resolution.

THE HONOURABLE RAI BAHADUR NALININATH SETT (West Bengal : Non-Muhammadan): Sir, I support the very reasonable proposition embodied in the Resolution of my friend Mr. Ramadas Pantulu. The Resolution seeks to do away with the ridiculous procedure under which a panel of Members is elected by the Council from which the Government chooses such Members for actual service on the Committee as it thinks convenient. It is to be regretted that the Government, even in a matter of this nature, cannot give a free hand to the Members of this House. Indeed what are the functions of these Committees? They merely advise Government in matters on which it chooses to consult them. The Government is not bound to accept or to carry out the recommendations of these Committees. As a matter of fact these committees are very rarely called. If the Government is at all sincere in having the recommendations of the representatives of the people, the only way is to allow this House to elect its representatives to form the various Committees, instead of Government having the power of not taking one in whose favour the largest number of votes may have been cast. In a way the present system is a negation of representative government. The principle is bad. I therefore request my friends here to support the Resolution.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab : Nominated Non-official): Sir, I think the present system is the very best system that could be devised. To begin with, the Government does not nominate any Members; it is with the House to nominate, and the panel is chosen out of those Members who are elected in this way. Government has got a hand in it as well as the House. If everything was left entirely to election alone, then half of us who are nominated Members would not be here. Why are the nominated Members here? Because some portion of the number of Members is given for people to elect and the others are picked by the Government out of the best men in the country. It is the happy medium, and it is the best way as it has been done, and for this reason I think the present system ought to continue.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce): Sir, at first sight Honourable Members might think that there was

[Sir Arthur Froom.]

a good deal of reason in the Honourable Mr. Ramadas Pantulu's Resolution, but if Honourable Members will think it over for a minute, I think they will come to another conclusion. First of all, I think my Honourable friend suggested that Government took their own men for these panels. By their own men I suppose he does not mean their own officials because no official Members are elected to these panels; the panels are elected from the non-official Members of this House. Now, Sir, if we could imagine such a wholesome thing in this Council that everybody voted from his own dictates, his own conscience and his own feelings, then I think there would be something to be said for the proposal that the House should elect their direct representatives on the Committees; but I am afraid that if this Resolution was accepted, we might get Members elected to the Commerce Department panel who knew nothing whatever about Commerce. Also for the Central Railway Advisory Council we might get men elected who knew nothing about Railway matters. I think the present system of electing so many Members to a panel and leaving it to Government to make a wise choice is the best. They will not necessarily vote with the Government; but Government select from the panels the men who, they think, have the best knowledge of the subjects which are being dealt with.

THE HONOURABLE MR. H. G. HAIG (Home Secretary). Sir, my Honourable friend the Mover I understood to advocate his proposition on the ground that these Committees were really of very little use and it does not much matter how they are appointed. I think it would be convenient if I just mentioned briefly to the House the real object with which these Committees are appointed and the work that they do. The idea originated in the Montagu-Chelmsford Report, where it was suggested that the elected Members of the Legislative Councils should be familiarised with the processes of administration. The matter was discussed in the first despatch of the Government of India on constitutional reforms and it was there stated that the Government of India proposed to adopt this suggestion as a means of providing a certain number of people with some acquaintance with administrative methods. The proposal then came up before the Joint Committee, and the Joint Committee agreed with the other authorities that it might often greatly assist the political education of India if standing committees of the legislative bodies were attached to certain departments of Government. I do not for a moment deny, Sir, that the process of education is not all on one side. No doubt besides the Committees deriving a certain amount of information as to the working of Government, the Government too derives a great deal of useful information as to the attitude of public opinion and receives valuable suggestions on matters which are referred to them. But I wish to make this point, Sir, that as far as I know there is no exact constitutional parallel—at least I have been able to discover none—in any other constitution. We are all familiar with Committees of the Legislature. No legislative body can conveniently do its work without remitting certain functions to committees which it naturally elects and whose members it determines. We have instances of that under our own constitution. We have for instance the Standing Finance Committee or we have Select Committees dealing with legislation. Those are what I should call true committees of the Legislature. The Legislature is charged with certain definite duties—to pass or not to pass the budget grants and to consider legislation. For these purposes the Legislature remits certain

matters to committees which it itself elects. That is the natural ordinary development. But, Sir, these committees are not committees of that nature. They are not committees to advise the Legislature. They are committees to advise the executive; and I submit, Sir, that that is a very important distinction. They are more analogous to committees or commissions that may be appointed by the Executive Government for particular inquiries and I think Executive Governments in all parts of the world insist on themselves appointing members to such committees. It strikes me, Sir, that there is rather a remarkable consensus of authority on this point, that when these committees which are intended to advise the Executive are appointed, the Executive should have at any rate some voice in determining their composition. The Montagu-Chelmsford Report, in which this scheme originated, suggested that two-thirds of the members of each committee should be elected while Government should nominate the remaining one-third. That scheme was not supported but the Joint Committee made it quite clear that they only recommended this proposal of Standing Advisory Committees on the understanding that the composition of such committees should be a matter wholly and exclusively within the discretion of the Governor General. Well, Sir, the device actually adopted seems to me to be a very convenient device. It is a method of combining the principle of election with a certain amount of discretion to Government. The Legislature elects a panel of members whom it considers representative of opinion generally in the legislative bodies and Government selects from these panels those members who it considers are most likely to be able to give valuable advice to Government and to represent all points of view in the legislative bodies. Apart from constitutional theory—which as I have said is against any system of direct election by the Legislature to such bodies—it seems to me that we do in fact get very suitable committees appointed in this way. The Honourable Sir Arthur Froom explained from his experience that the Government is able to form useful and valuable committees by these means. I am not aware, Sir, that there have in practice been any complaints that Government exercises its discretion in an unreasonable or unfair way. I suggest to the House that they should let well alone and not attempt to interfere with a system which is at present working well. I therefore urge the Council, Sir, to reject this proposal.

THE HONOURABLE MR. V. RAMADAS PANTULU: Sir, I wish to answer one or two objections raised to my proposal. The Honourable Sir Umar Hayat Khan seems to think that I have left out the nominated Members from my scheme of election. It is so easy for them to send their own representative under the proposed system of representation. If all nominated Members join together it will be quite easy to send their own representative. If on the other hand, their nominees fail to get in the Government will certainly see to their Members getting into committees.

The Honourable Sir Arthur Froom's objection was that the right kind of men may not get into the Committees. It has been very effectively answered by the Honourable Mr. Haig, who pointed out that important committees like the Standing Finance Committee or the Standing Committee on Railways are entirely elected, there is no question of panels. Now if the Legislature is able to exercise this function very rightly and properly in all those cases and is able to send the proper men, I really do

not see where the fear expressed by my Honourable friend Sir Arthur Froom comes in with regard to advisory committees alone. Therefore his objection is answered by his friend on the official side.

With regard to the constitutional theory argument, I am afraid it is done to death in this House. My Honourable friend quotes from the famous document which is said to contain many things for which it is responsible and not responsible—the Montagu-Chelmsford Report; and then he says that constitutional theory is against allowing this House to elect a few representatives to advisory committees. Why should the Government not take such advisers as this House chooses? Because after all they are not bound to take their advice. It is best for them to get advice of the sort that is tendered to them and not of the sort that they seek. Am I to understand that the Executive must pick and choose their own advisers? Surely it conduces to their own best interests to have people who can give them straight and frank advice—those who, it may be, do not see eye to eye with them in all matters. It would certainly conduce to the better administration of this country that such advisers should be available to Government than that Government should be satisfied with advisers who may not represent the true opinion of the country or the House. A Government which is irresponsible and irresponsive ought to welcome the idea of advisers being sent to them who will say straight forwardly and frankly what they think. That is one advantage they will gain by accepting my proposal instead of doing the constitutional theory to death in the way they do. With these words I commend my Resolution to the House.

THE HONOURABLE THE PRESIDENT: The question is:

“ That the following Resolution be adopted, namely :

‘ This Council recommends to the Governor General in Council to modify the rules relating to the constitution of Departmental Advisory Committees in such a manner as to provide for election of all the members of the advisory committees and to abolish the system of electing panels from which members are selected to serve on those Committees ’.”

The motion was negatived.

The Council then adjourned till Eleven of the Clock on Monday the 21st March, 1927.

COUNCIL OF STATE.

Monday, 21st March, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair

MEMBER SWORN.

The Honourable Mr. Hubert Arthur Sams, C.I.E. (Nominated Official).

QUESTIONS AND ANSWERS.

PROVISION MADE FOR DEBT REDEMPTION DURING THE YEARS 1916-17
TO 1925-26.

176. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI:
Will the Government be pleased to state:

- (a) the annual debt redemption provision of the Government of India for the last ten years;
- (b) how much of it has each year been applied for the redemption of debt incurred in India, and how much for that incurred in England;
- (c) if the provision is a gradually increasing one, what is the reason for this increase;
- (d) whether they have got any statistics of the debt redemption provision of the United Kingdom? If so, whether the provision made in India is comparatively speaking greater or less than that in the United Kingdom;
- (e) how much of the debt in India is productive and how much non-productive;
- (f) if the provision for debt redemption in India is gradually increasing in amount, whether this policy has been adopted by the Government of India at its own initiative or at the direction of the Secretary of State for India or the British Government;
- (g) is it in contemplation of the Government of India to pay off the entire public debt of India incurred in England in course of time? If so, in how many years;
- (h) did the External Capital Committee recommend that it is to the interests of India not to prevent the inflow of external capital into India;
- (i) what are the rates of interest payable on the loans that are being paid off and what are the rates for which fresh loans are being raised in India, from time to time, during the last 5 years; and

- (j) what are the rates of interest for which loans are being raised in India, from time to time, during the last 5 years, and whether they compare favourably or unfavourably with the rates prevailing before the War?

THE HONOURABLE MR. A. F. L. BRAYNE: (a), (b), (c) and (f). 'A statement showing the provision made for debt redemption during the years 1916-17 to 1925-26 is placed on the table. The scheme of debt redemption, which has been adopted by Government and published in their Resolution of the 9th December 1924, is on the lines approved by the Secretary of State.

(d) For statistics of the debt redemption provision of the United Kingdom, I would refer the Honourable Member to the published Finance Accounts of that country. Taking the figures for the year 1925-26, the provision made in India bears a smaller percentage to the total debt of India than the corresponding provision in the United Kingdom bears to the total debt of that country.

(e) I would invite the attention of the Honourable Member to the information contained in the statement printed in paragraph 20 of the Finance Member's budget speech

(g) There is no such intention at present

(h) I would refer the Honourable Member to the recommendation of the External Capital Committee on the subject in paragraph 8 of their Report, which is a published document

(i) and (j) The rates of interest of the various Government loans are given in the Finance and Revenue Accounts

Reduction or Avoidance of Debt

(In thousands of rupees.)

	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26
1. Balance of Finance Insurance Grant	71.80	97.77	56.85		64.28	..	..	
2. Sinking Funds for Rupee Loans		41.70	41.00	73.00	73.00	1,54.00	1,54.00	77.61	88.71	97.21
3. British War Loan Liabilities	..	81.20	...	50.00	50.00	50.00	50.00	44.26	46.47	48.77
4. Railway Sinking Funds (c).	32.16	33.25	24.20	27.87	27.10	28.74	20.74	12.72	34.32	36.41
5. Railway Annuities	96.11	90.40	102.80	1,06.32	109.97	1,13.75	1,17.66	1,21.70	1,25.90	1,30.28
6. Exchange on (b) and (a).	62.44	96.73	46.91	91	30.24	98.99	1,02.16	80.54	76.65	70.53
7. Other Appropriations from Revenue					...	...	...	...	(a) 7.74	(b) 1,14.10
Total	262.80	450.04	2,71.75	2,56.80	3,54.57	4,45.48	4,51.55	3,61.83	3,73.39	4,97.26

(a) Customs duty on capital stores.

(b) Includes 19.89 on account of customs duty on capital stores

(c) At Rs. 10 to the £.

(d)

DUAL CONTROL OF ADEN BY THE UNITED KINGDOM AND THE GOVERNMENT OF INDIA.

177. THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Will the Government be pleased to state the reasons for placing Aden under the dual control of the United Kingdom and the Government of India? Why is the military control of Aden being taken away from the Government of India, and the latter made liable for the cost of municipal control?

THE HONOURABLE SIR JOHN THOMPSON: Dual control at Aden has existed for many years, and the reason why His Majesty's Government are now undertaking a larger share of the responsibility is that in recent years Aden has assumed a far wider importance in Imperial communications than that of a port of call on the way to India. The connection, however, of the actual Settlement with India, commercial, administrative and racial, remains as close as ever, and for these reasons the Government of India will continue to bear the cost of Municipal control.

RAILWAY STATION IN NEW DELHI.

178. THE HONOURABLE LALA SUKHBIR SINHA: Will Government be pleased to state:

- (a) what site has been selected for building the railway station in New Delhi, and by what time the station will be opened; and
- (b) why the tramway system is not extended from Old Delhi to New Delhi, and when it is proposed to be so extended?

THE HONOURABLE MR. G. L. CORBETT. (a) A new station is at present under construction by the North-Western Railway near the Ajmere Gate Bridge. It is hoped that it will be ready for opening about the beginning of May next.

(b) No such proposal appears to have been received by Government, but inquiries are being made.

TRANSFER OF THE POONA DISTRICT HEADQUARTERS TO SECUNDERABAD.

179. THE HONOURABLE SIR HAROON JAFFER: Will Government please lay on the table a detailed statement showing how 14 per cent. on the capital sum invested will be saved annually by the transfer of the Poona district headquarters from Poona to Secunderabad, as mentioned by His Excellency the Commander-in-Chief in his speech on the 14th February last?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: No, Sir, the amounts involved are not large enough to justify laying detailed estimates on the table. There is an estimated initial expenditure of Rs. 45,906 on improvements in accommodation at Secunderabad, and the actual move is estimated to cost Rs. 13,325. Against these there will be an annual saving of Rs. 4,828 on the hire of accommodation at Poona, and another of Rs. 3,500 in a small reduction of establishment which the transfer has made possible. These sums, I think, will show that my arithmetic was correct.

SALE OF THE COLLECTION OF PICTURES IN THE PARASNIS
MUSEUM.

180. THE HONOURABLE SIR HAROON JAFFER: Will Government please say:

(a) whether they have seen the announcement in the *Times of India* of February, 26th, that the famous collection of pictures in the Parasnis Museum are up for sale, and that negotiations have been opened with America for their purchase; and

(b) with reference to the reply to my question given on February 15th 1927, whether Government have yet come to a decision on the matter?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SANIB BAHADUR: (a) Yes.

(b) No.

BEAM WIRELESS STATION NEAR POONA.

181 THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:

(a) when the new Beam Wireless Station, now under erection near Poona, will be in operation; and

(b) what will be the charges per word for transmission of messages by that means?

THE HONOURABLE MR. A. C. McWATTERS: (a) It is expected that official tests will take place in May next and if these are satisfactory, the service should be opened to the public in June.

(b) The charges per word between India and the United Kingdom will be—

Ordinary	.	.	.	.	.	.	.	.	13 annas.
Deferred	.	.	.	.	.	.	.	.	6½ "
Daily Letter-Telegram	.	.	.	.	.	.	.	.	3½ " (minimum charge for message Rs. 4-6-0).
Press	.	.	.	.	.	.	.	.	Still under consideration.

EXHIBITION OF INDIAN GOODS AT THE BRITISH INDUSTRIES FAIR.

182 THE HONOURABLE SIR HAROON JAFFER: Will Government please state whether there was any official exhibit of Indian goods at the British Industries Fair now being held at the White City, London?

THE HONOURABLE MR. G. L. CORBETT: Yes, Sir. The Indian Trade Commissioner participated in the Fair, and the Governments of Madras and Bihar and Orissa also decided to do so.

INDIAN REPRESENTATION ON THE EMPIRE MARKETING BOARD.

183. THE HONOURABLE SIR HAROON JAFFER: Will Government be pleased to state:

(a) whether India has any official representation on the newly-formed Empire Marketing Board; and

(b) if so, what are the functions of that Board in relation to India?

THE HONOURABLE MR. G. L. CORBETT: (a) Yes. Mr. H. A. F. Lindsay, Indian Trade Commissioner in London, represents India on the Empire Marketing Board.

(b) The function of the Board is to advise His Majesty's Government in the expenditure of the annual grant which is voted by Parliament to encourage and promote the sale in the United Kingdom of the products of all parts of the Empire, including India.

VISIT TO INDIA OF AN OFFICIAL OF THE ROCKEFELLER FOUNDATION.

184 THE HONOURABLE SIR HAROON JAFFER: Will Government please state:

- (a) whether any official representation has been made by the Rockefeller Foundation regarding the present visit of one of the members of the latter to study the conditions of medical education and research in this country;
- (b) whether any official assistance has been given by the Central or Local Governments to this delegate; and
- (c) whether Government have received any definite offer from the Foundation to give assistance in medical matters in India?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) The visit was arranged for by the Management of the Rockefeller Foundation Trust on its own initiative and with the consent of the Government of India.

(b) The delegate was given the free use of a reserved railway compartment for the latter portion of his tour in India and Local Governments gave him facilities to visit institutions in which he was interested.

(c) No.

INDIAN ROAD AND TRANSPORT DEVELOPMENT ASSOCIATION.

185. THE HONOURABLE SIR HAROON JAFFER: Will Government please state:

- (a) whether they have been officially informed of the recent formation of the "Indian Road and Transport Development Association";
- (b) whether it is Government's intention to acknowledge this Association as a representative body; and
- (c) whether this Association will be given Government assistance?

THE HONOURABLE MR. G. L. CORBETT: (a) Yes.

(b) and (c). I can add nothing to what was said by the Honourable the Commerce Member during the recent discussion in this Council on the Resolution of the Honourable Mr. Mahmood Suhrawardy.

PROPOSALS OF SIR LEONARD ROGERS FOR CONTROLLING CHOLERA IN THE PILGRIM CENTRES.

186. THE HONOURABLE SIR HAROON JAFFER: Will Government please state:

- (a) whether they have seen the proposals of Sir L. Rogers regarding the controlling of cholera in the pilgrim centres of India;

- (b) whether they have officially received a scheme from him based on those proposals;
- (c) whether it is their intention to move along the lines suggested; and
- (d) whether the scheme will be tried as an experiment at the forthcoming Kumbh at Hardwar in April?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR. (a) Yes.

(b) No.

(c) and (d) As public health is a provincial transferred subject, it is for Local Governments to decide what action, if any, is feasible.

REPRESENTATION OF MUHAMMADANS IN THE ADMINISTRATIVE STAFF
DIRECTLY SUBORDINATE TO THE SUPERINTENDENT OF EDUCATION,
DELHI AND AJMER-MERWARA, ETC.

187 THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (a) Is it a fact that the administrative staff directly subordinate to the Superintendent of Education, Delhi and Ajmer-Merwara, is exclusively composed of non-Muhammadan officers?

(b) Is it a fact—

- (i) that 87·3 per cent. of the educational employees in the Delhi Province are Hindus and 12·7 per cent. Muhammadans, and
- (ii) that Muhammadan institutions in the Delhi Province receive 0 and 13 per cent., respectively, of the total non-recurring and recurring educational grants?

(c) Is it a fact that subsequent to the 2nd March, 1925, there have been vacancies in the appointments of Secretary, Board of Education, Delhi, Head Clerk, Board of Education, Delhi, Second Clerk, Board of Education, Delhi, Second Clerk, Office of the Superintendent of Education, Delhi, and two vacancies in the appointment of teacher, New Cantonment School, Delhi, and that all these vacancies were filled by the appointment of non-Muhammadans?

(d) Was due regard had in filling these vacancies to the assurances conveyed by the Honourable the Home Member in his speech in this Council on the 2nd March, 1925?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) No.

(b) (i) No.

(ii) In 1925-26 only.

(c) Yes.

(d) Assurances given have not been ignored.

ELIMINATION OF MUSLIMS FROM THE DELHI EDUCATION DEPARTMENT.

188. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (a) Is it a fact that a deputation of Muslim gentry of the city of Delhi waited upon the Chief Commissioner of Delhi, with their grievances, regarding elimination of Muslims from the Delhi Education Department, and requested

him *inter alia* to appoint a Muhammadan to the second clerkship of the office of the Superintendent of Education, Delhi?

(b) Is it a fact that this post was never advertised in any newspaper, and that, amongst the Muhammadan applicants, one was a B. A. (Honours), and another an experienced accounts clerk, both being residents of Delhi?

(c) Is it a fact that Lala Bhim Sen, the newly-appointed second clerk, is still on probation?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) Yes.

(b) A post of similar value had been advertised shortly before. The same list of applicants was used for the selection. (Only three Muhammadans applied; one of whom was not suitable for the post and the others were not recommended by their previous employers).

(c) Yes.

MUHAMMADAN DISTRICT INSPECTOR OF SCHOOLS IN THE DELHI PROVINCE, ETC.

189 THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (a) Has the attention of Government been drawn to the resolution, passed by the All-India Muhammadan Educational Conference held in December last in Delhi, with regard to the appointment of a Muhammadan to the post of District Inspector of Schools in pursuance of the promise given by the Government of India on 8th March, 1926, in answer to Legislative Assembly question No. 1108?

(b) Is it a fact that the post of District Inspector of Schools is borne on the cadre of the Punjab Provincial Educational Service? Is it also a fact that for a long time there has never been any Muhammadan District Inspector of Schools in the Delhi Province?

(c) Is it a fact that in 1915, according to the Chief Commissioner, Delhi's letter No. 3197-Education, dated 14th May, 1915, to the Educational authorities, the percentage of Muslim teachers in the Delhi Education Department was 17 per cent? Is it also a fact that the Chief Commissioner, Delhi, was not satisfied with this proportion of Muhammadan school masters and so asked the Educational authority to reduce this disparity?

(d) Is it a fact that in every annual report Muhammadan education is described to have made progress? Has the percentage of Muhammadan teachers in the Department been reduced from 17 per cent. to 12 per cent.?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) and (b). Yes.

(c) and (d). The low proportion of Muslim teachers is due to the lack of qualified men.

J. V. CLASSES TO BE ATTACHED TO THE ANGLO-ARABIC COLLEGE, DELHI.

190. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (a) Has the attention of Government been drawn to the resolution of the All-India Muslim Educational Conference held in Delhi in December last, *re* J. V. Classes to be attached to the Anglo-Arabic College, Delhi?

(b) Will Government state the reasons for which sanction was not accorded to the opening of this class?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) Yes.

(b) A training school for S. V. and J. V. teachers has been provided for in the 5 years' programme.

MUSLIM REPRESENTATION ON THE BOARD OF SECONDARY EDUCATION FOR THE DELHI PROVINCE.

191. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (a) Is it a fact that a Board of Secondary Education for the Delhi Province under the chairmanship of the Superintendent of Education was constituted during the year 1926-27 for conducting the school leaving certificate examination, which was formerly conducted by the Punjab University?

(b) Is it a fact that the Board comprises 20 members in part elected by the Delhi University Court, Delhi University Academic Council, Headmasters of the High Schools in the Delhi Province, Principals of Colleges, and in part nominated by the Delhi Municipality and the Chief Commissioner of Delhi to protect minorities?

(c) Is it a fact that out of 20 members of the Board, there are only three Muhammadans none of whom are elected?

(d) Will Government kindly state how many of the examiners appointed by the Board for conducting the examinations, other than those in Persian or Arabic, are Muhammadans, and in what subjects?

(e) Has the attention of Government been drawn to an article in the *Muslim Outlook*, Lahore, dated the 4th February, 1927, headed "Muslim Students Handicapped" in the 'Notes of the day' column? Is it a fact that the Board has decided to hold the examination in the month of Ramzan?

(f) Is it a fact that there is no Muhammadan employed in the Board and that all the clerks appointed for the work of the Board are Hindus?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) and (b). Yes.

(c) Yes. The number stated is correct, but the Muhammadan member from the Municipal Committee was elected and not nominated.

(d) No. Examiners are appointed solely on their academic qualifications.

(e) Yes. The examination has always been held in March by the Punjab University and the same is the case in the Punjab this year also.

(f) Yes. The permanent paid staff consists of a clerk and a peon both of whom are Hindus, the Secretary being an honorary officer.

APPOINTMENT OF THE DISTRICT INSPECTOR OF SCHOOLS, DELHI, AS ASSISTANT SUPERINTENDENT OF EDUCATION.

192. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (a) Is it a fact that the deputation of the Muslim gentleman of Delhi, which waited upon the Chief Commissioner of Delhi in September 1926, suggested that the

District Inspector of Schools, Delhi, should be made Assistant Superintendent of Education, and that the allowance of Rs. 75 given to the Headmaster of the Government High School for doing this work should be utilised in some other way?

(b) Is it a fact that the number of schools in the provinces of Ajmer and Delhi under the same Superintendent is very nearly the same?

(c) Is it a fact that in Delhi there is a whole-time District Inspector of Schools in the Provincial Educational Service and in addition a part time Assistant Superintendent of Education, holding the permanent appointment of Headmaster of the local Government High School, in the same Provincial Educational Service, and that in Ajmer there is a whole-time Assistant Superintendent of Education without a District Inspector of Schools? What are the areas of Delhi and Ajmer, respectively?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) So far as Government are aware no such suggestion was made.

(b) Yes.

(c) No. The Assistant Superintendent of Education in Ajmer-Merwara also has one Sub-Deputy Inspector under him and will have a second in the coming year. The areas of the provinces of Delhi and Ajmer-Merwara are, respectively, 593 and 2,711 square miles.

NUMBER OF POST OFFICES HAVING TELEGRAPHIC CONNECTION IN THE SUB-DIVISION OF BEGUSARAI IN THE DISTRICT OF MONGHYR.

193. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: (a) Will the Government be pleased to state the number of Post Offices having telegraphic connections in the Sub-division of Begusarai in the District of Monghyr (Bihar and Orissa)?

(b) Is it a fact that the Post Office at Manjhaul is without a telegraphic connection? If so, do the Government propose to provide telegraphic connection at the said Post Office?

THE HONOURABLE MR. A. C. MCWATTERS: (a) Six.

(b) Yes. The question of providing a telegraph connection to the Post Office at Manjhaul is under consideration.

INCOME-TAX COLLECTED IN EACH OF THE LAST TWO YEARS FROM LIFE OFFICES WORKING IN INDIA ON PROFITS PAID TO THEIR POLICY-HOLDERS.

194. THE HONOURABLE SIR PHIROZE SETHNA: Will Government be pleased to state what is the total amount of income-tax collected by the Income-tax authorities in each of the last two years from Life Offices, working in India, on profits paid by them to their policy-holders?

THE HONOURABLE MR. A. F. L. BRAYNE: The Government have not the information for which the Honourable Member asks. They will obtain it and communicate it to him.

SUBSIDIES TO NEWSPAPERS.

195. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: Do Government subsidise any of the English or Vernacular newspapers in India? If so,

will the Government be pleased to state the names of such newspaper or newspapers?

THE HONOURABLE MR. H. G. HAIG: I do not know whether the Honourable Member would regard the *Fauji Akhbar*, which is a Government publication, as coming within the scope of his question. Apart from this the Government of India subsidise no English or Vernacular newspaper.

COMMUNAL RIOTS.

196. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: Will Government be pleased to state:

- (a) the number of communal riots in India;
- (b) names of places where these riots took place;
- (c) causes which led to these riots;
- (d) number of casualties and persons injured in each;
- (e) number of persons prosecuted and convicted, respectively; and
- (f) number of ringleaders belonging to the different communities arrested, prosecuted and convicted?

THE HONOURABLE MR. H. G. HAIG: (a) to (d). I would refer the Honourable Member to the statement appended to the reply given by the Honourable Mr. Crerar in this House on the 31st August 1926 to the question of the Honourable Sir Phiroze Sethna. A statement is laid on the table bringing the information up to date so far as such incidents have been reported to the Government of India.

(e) and (f) The Government of India have no information.

Statement.

Date.	Place of occurrence.	Casualties.	Cause of disturbance.
21st August 1926.	Andarsul, Taluka Yeol, Dist. Nasik, Bombay.	Few persons injured slightly.	Playing of music before a mosque by a Hindu procession.
27th August 1926.	Delhi	50 persons injured, one seriously.	The immediate cause was a quarrel between a Hindu Bank chaprassi and a Muhammadan shopkeeper who was instrumental in bringing about the dismissal of the former.
5th September 1926.	Garden Reach, Calcutta.	13 injured, one seriously.	Playing of music before a mosque by a Hindu religious (Janmastami) procession
6th September 1926.	Madhi, Pathardi Mahal, Ahmednagar Dist., Bombay.	11 persons injured slightly.	Dispute in connection with a Hindu bullock procession in celebration of the annual "Pola" festival.

Date.	Place of occurrence.	Casualties.	Cause of disturbance.
4th—10th September 1926.	Dacca City, Bengal	8 killed, 72 injured	Janmastami festival celebrations.
16th October 1926.	Calcutta . . .	None reported . . .	Dasahra celebrations.
	Howrah . . .	21 persons injured, one of whom died.	Ditto.
23rd December 1926.	Delhi City	5 persons injured, one seriously injured, who subsequently died	Disturbance following murder of Swami Shradhanand.
17th February 1927.	Abdulpur in Bahadurganj Town, Ghazipur Dist. U. P.	1 killed, 1 seriously injured, about 15 slightly injured.	Immediate cause was a quarrel between a Muhammadan and a Hindu Halwai over the preparation of some food.
20th February 1927.	Bombay City	1 killed, number of injured not reported.	Alleged playing of music before a mosque by a Multani and Sikh religious procession.
2nd March 1927.	Kalkati, Barisal Dist.	11 killed, 7 injured	Hindu religious procession passing with music the Kalkati mosque.

APPOINTMENT OF MR. JUSTICE WORT AS A JUDGE OF THE PATNA HIGH COURT.

197. THE HONOURABLE SHAH MUHAMMAD ZUBAIR: (a) Is it a fact that the Judges of the Indian High Courts are appointed by His Majesty the King in Council on the recommendations of the Government of India and the Local Government concerned?

(b) If the answer to (a) be in the affirmative, will the Government be pleased to state the principle, if any, on which these recommendations are made?

(c) Will the Government be pleased to state whether either the Government of India or the Bihar and Orissa Government had any hand in the appointment of Mr. Justice Wort as a Judge of the Patna High Court?

THE HONOURABLE MR. H. G. HAIG: Permanent appointments to the High Courts are made by His Majesty under section 101 of the Government of India Act, and not in the manner suggested by the Honourable Member. Whether His Majesty has in general or in any special case given opportunities to the Government of India or to Local Governments to make representations to him in such matters is not a subject on which I can give the Honourable Member any information.

SUBSIDIES TO NEWSPAPERS.

198. THE HONOURABLE SETH GOVIND DAS: Will Government be pleased to state whether there are any newspapers or journals subsidised by Government in India and, if so, will they be pleased to lay on the table a list of such newspapers and periodicals and mention the extent to which they are subsidised?

THE HONOURABLE MR. H. G. HAIG: The Honourable Member is referred to the reply which I have just given to question No. 195 of the Honourable Shah Muhammad Zubair.

RUPEE TENDERS FOR STORES.

199. THE HONOURABLE SETH GOVIND DAS: With reference to the answer given in this House to a question by the Honourable Rai Bahadur Lala Ram Saran Das on the 10th February, 1926, will Government be pleased to state what further action has been taken regarding the question of inviting Rupee tenders in this country?

THE HONOURABLE MR. A. C. MCWATTERS: The Government of India have recently obtained the consent of the Secretary of State to an amendment of a rule laid down by the Secretary of State in Council prescribing that the previous consent of that authority was required to any expenditure on the purchase of imported stores otherwise than through the India Store Department in London except in certain specified cases. The effect of this amendment is to confer on the Government of India full powers in regard to central expenditure on imported stores other than military stores, and the Departments of the Government concerned are now actively engaged on working out the precise arrangements required for the adoption of a system of rupee purchase to the utmost possible extent. It is hoped to introduce these arrangements in the near future. I may add that the Local Governments of Governors' provinces now possess full powers in regard to expenditure on the purchase of imported stores, and that it is open to them to adopt this system of rupee purchase wherever they may consider this to be desirable.

REDUCTION IN THE FREIGHT OF LONG DISTANCE COAL.

200. THE HONOURABLE SETH GOVIND DAS: Will Government be pleased to state what action has been taken regarding the Resolution by the Honourable Rai Bahadur Lala Ram Saran Das adopted in this House on 15th September, 1925, regarding decrease in the rate of railway freight on coal for long distances?

THE HONOURABLE MR. G. L. CORBETT: With effect from the 18th March 1926, the freight on coal carried for distances exceeding 400 miles was reduced substantially. I am sending the Honourable Member a statement showing how the freight on coal was calculated before that date, and how it is now calculated.

INDIANISATION OF THE STAFF OF THE HIGH COMMISSIONER FOR INDIA IN LONDON.

201. THE HONOURABLE SETH GOVIND DAS: Will Government be pleased to state whether any Indians have been appointed on the staff of

the High Commissioner for India in conformity with the Honourable Sir Phiroze Sethna's Resolution passed in this House on 8th September, 1925?

THE HONOURABLE MR. G. L. CORBETT: Since the 8th September 1925, when the Resolution was passed, there have been 9 vacancies in the higher posts on the staff of the High Commissioner, including technical posts in the Stores Department, and two new posts have been created. Seven of these vacancies have been filled by Indians, 3 by promotion and 4 by direct appointment. The remaining 4 vacancies have been filled by promotion from the existing European staff. In addition, a temporary post of Publicity Officer has been created, and to this also an Indian has been appointed. No new appointments of Europeans to higher posts have been made.

ACTION TAKEN ON RESOLUTIONS PASSED BY THE COUNCIL OF STATE.

202. THE HONOURABLE SETH GOVIND DAS: Will Government be pleased to lay on the table a list of all Resolutions passed by this Council and the action taken by Government thereon?

THE HONOURABLE MR. S. R. DAS: I lay on the table statements giving the information asked for by the Honourable Member up to the end of 1926.

STATEMENT A.

Statement showing the references to the Debates of the Indian Legislature in which the information in regard to the action taken by Government on the Resolutions adopted by the Council of State since its inception up to the end of 1925 is available.

Session of the Council of State	Reference to the Debates in which the information is available.
Delhi, 1921	Pages 1603-1604 of the Legislative Assembly Debates of the 16th January, 1922.
Simla, 1921	Pages 2902-2905 of the Legislative Assembly Debates of the 8th March, 1922.
Delhi, 1922	Pages 108-109 of the Legislative Assembly Debates of the 6th September, 1922.
Simla, 1922	Page 993 of the Legislative Assembly Debates of the 15th January, 1923.
Delhi, 1923	Pages 4378-4379 of the Legislative Assembly Debates of the 9th July 1923.
Simla, 1923	No Resolution was adopted.
Delhi, 1924	Pages 785-786 of the Council of State Debates of 4th June, 1924.
Simla, 1924	Information in regard to non-official Resolutions adopted during these sessions is given at pages 32-33 of the Legislative Assembly Debates of the 21st January, 1926. Information in regard to official resolutions passed during these sessions is given in Statements B (i)-(iii) following.
Delhi, 1925	
Simla, 1925	

STATEMENT B (i).

Statement showing official Resolutions adopted by the Council of State during Simla Session, 1924.

Serial No.	By whom.	Date on which moved.	Subject of Resolution	Department concerned.	Action taken by Government
1	The Honourable Mr. D. T. Chadwick	14th June, 1924	Removal of import duty on sulphur.	Commerce	A notification No. 2238, dated 9th June, 1924, under the Sea Customs Act, was issued exempting sulphur from import duty.
2	The Honourable Mr. J. Crerar.	15th and 16th Sept., 1924.	Recommendations of Home Lee Commission.		Effect has been given to parts (1) and (2) of the Resolution. Part (3) of the Resolution is still under consideration.

STATEMENT C (ii)

Statement showing official Resolutions adopted by the Council of State during Delhi Session, 1925.

Serial No.	By whom	Date on which moved.	Subject of Resolution	Department concerned	Action taken by Government
1	The Honourable Sir Muhammad Habibullah	17th Feb., 1925	Appointment of a member of the Council of State to the Governing Body of Lady Hardinge Medical College	Education, Health and Lands.	The Honourable Saiyid Alay Nabi, a Member of the Council of State, was nominated by the Government of India in 1926 to serve on the Governing Body of the Lady Hardinge Medical College, Delhi, as a representative of that House.
2	The Honourable Mr. A. C. McWatters.	23rd Mar., 1925	Provincial contributions.	Finance.	The opinion of the Council of State was communicated to the Local Governments.

STATEMENT B (iii)

Statement showing official Resolutions adopted by the Council of State during Simla Session, 1925.

Serial No.	By whom.	Date on which moved.	Subject of Resolution.	Department concerned.	Action taken by Government.
1	The Honourable Mr. D. T. Chadwick.	9th September, 1925.	Bounty on steel manufactured in India	Commerce	The Tata Iron and Steel Company, Limited, was the only company that fulfilled the conditions subject to which the payment of bounties on steel manufactured in India was recommended. This company was paid Rs. 18½ lakhs on this account during the six months ending 31st March, 1926, and Rs. 41½ lakhs during 1926-27, that is the maximum total of Rs. 60 lakhs recommended by the Council.
2	The Honourable Mr. J. Cregar.	9th September, 1925.	Franchise for women.	Home	The Resolution was given effect to—vide Government of India, Home Department, Notifications Nos. F.-29—25—8 and 9-I, to F.-210—25—8 and 9-X., dated the 26th April, 1926.
3	Do.	11th and 12th September, 1925.	Recommendations of the majority report of the Reforms Inquiry Committee	Do.	The action taken on this Resolution is indicated in the answers to questions in the Council of State, No. 91, dated the 31st August, 1926, and No. 150, dated the 14th March, 1927.
4	Do	16th September, 1925.	Standing Committees to deal with Bills relating to Hindu Law and Muhammadan Law.	Do.	No action can be taken on this Resolution until the Legislative Assembly adopts a similar Resolution of which notice has been given by the Honourable Sir Alexander Muddiman.

STATEMENT B (iv).

Statement showing Resolutions adopted by the Council of State during Delhi and Simla Sessions, 1926.

Serial No.	By whom.	Date on which moved.	Subject of Resolution.	Department concerned.	Action taken by Government.
1	The Honourable Mr. D. T. Chadwick.	10th Feby., 1926.	Continuation of the imposition of a customs duty on lac.	Commerce	A notification was issued on the 20th February, 1926, declaring that sections 2 to 6 of the Indian Lac Cess Act, 1921 (XIV of 1921) shall continue in force until the 31st December, 1931.
2	The Honourable Mr. A. H. Ley.	Do.	Ratification of the Draft Convention of the International Labour Conference concerning Workmen's compensation for occupational diseases.	Industries and Labour.	A copy of the Resolution has been forwarded to the Secretary General of the League of Nations.
3	The Honourable Mr. K. C. Roy.	15th Feby., 1926.	Royal Commission on Agriculture.	Education, Health and Lands.	The correspondence, which passed between the Government of India and Provincial Governments and between the Government of India and the Secretary of State, was laid on the table.
4	The Honourable Mr. Phiroze C. Sethna.	17th Feby., 1926.	Leader of the Indian Delegation to the League of Nations.	Legislative	A statement was made by the Honourable Law Member in the Council of State on 24th August, 1926, <i>vide</i> Debates of that date.
5	The Honourable Mr. D. T. Chadwick.	23rd Feby., 1926.	Grant of supplementary assistance to tin-plate industry.	Commerce.	(1) A notification No. 260-T. (57), dated the 27th February, 1926, under the Indian Tariff Act, was issued raising the import duty on steel, tin-plates and tinned sheets including tin taggers, from Rs. 60 per ton to Rs. 85 per ton, and (2) a notification No. 5, dated 27th February, 1926, under the Sea Customs Act, was issued reducing the import duty on tin block, from 15 per cent. <i>ad valorem</i> to a specific duty of Rs. 250 per ton.

Statement showing Resolutions adopted by the Council of State during Delhi and Simla Sessions, 1926—*concluded*.

Serial No.	By whom.	Date on which moved.	Subject of Resolution	Department concerned.	Action taken by Government.
6	The Honourable Sir Haroon Jaffer.	10th Mar. 1926, and 23rd Aug., 1926.	Banking legislation	Finance	The matter is still under consideration.
7	The Honourable Mr. G. S. Khaparde.	15th Mar., 1926.	Salaries of the two members of the Judicial Committee of the Privy Council with Indian experience	Home	A copy of the Debates on the Resolution was communicated to the Secretary of State, but in view of the rejection by the late Legislative Assembly of a similar Resolution, no effective action could be taken. It is proposed to move the Resolution again in the present Assembly
8	The Honourable Mr. A. C. McWatters.	16th Mar., 1926.	Reduction of the exports of opium	Finance	In a press communiqué issued by the Finance Department (C. R.) on the 12th June, 1926, the Government of India announced their decision to extinguish exports of opium to the Far East in 10 years. The first 10 per cent. reduction in the quantity exported will be made in 1927, and no opium will be exported from India for purposes other than medicinal and scientific after December 31st, 1935.
9	The Honourable Sir Muhammad Habibullah.	23rd Mar., 1926.	Emigration of Indian unskilled labourers to British Guiana.	Education, Health and Lands.	The terms of the Resolution passed have been communicated both to the Secretary of State for India and the Government of British Guiana. The scheme approved therein has been notified but has not yet come into operation, as the Government of British Guiana have not yet intimated the date from which they desire that the emigration of labour for unskilled work to that colony should commence.

**DIFFERENTIAL TREATMENT ACCORDED TO ANGLO-INDIAN AND EUROPEAN
EMPLOYEES IN THE STATE RAILWAYS IN RESPECT OF PAY,
ALLOWANCES, LEAVE, ETC.**

203. THE HONOURABLE SETH GOVIND DAS: Will Government be pleased to state whether it is a fact that differential treatment is accorded to Anglo-Indian and European employees in the State Railways in the matter of pay, allowances, pass, leave, and holiday facilities?

THE HONOURABLE MR. G. L. CORBETT: No differential treatment is accorded to European and Anglo-Indian subordinate employees in the State-worked Railways in respect of pay, pass and holiday facilities. The rates of pay for particular classes of posts differ on different railways, but the rates are the same for all nationalities.

As regards leave, all employees of State-worked Railways excluding those who were taken over by the State along with the management of the East Indian and Great Indian Peninsula Railways but including those appointed to these two Railways subsequent to their being taken over for State management, are governed by the Fundamental Leave Rules of Government.

Employees of the East Indian Railway who were taken over by the State continue under the East Indian Railway leave rules, which provided for two sets of leave rules, one for Europeans and another for non-Europeans. Similarly, in the case of the old Great Indian Peninsula Railway employees, they are governed by two sets of rules, one for Europeans and Anglo-Indians and the other for Indians. I would, however, explain that the question of introducing a revised set of leave rules applicable to all railway staff is under consideration of Government. When these rules are issued, employees of the East Indian and Great Indian Peninsula Railways who were taken over by the State will be given the option to elect the new rules, provided certain conditions are fulfilled.

**INCREASE OF THE PERCENTAGE OF INDIANS HOLDING SUPERIOR
POSTS IN THE INDIAN STORES DEPARTMENT.**

204. THE HONOURABLE SETH GOVIND DAS: Will Government be pleased to state the number of superior posts in the Indian Stores Department and the number of Indians and Europeans who hold such posts and whether Government propose to increase the percentage of Indians as more vacancies occur?

THE HONOURABLE MR. A. C. McWATTERS: There are at present 62 sanctioned gazetted appointments in the Indian Stores Department, of which 53 have so far been filled, 29 by Europeans and 24 by Indians (including two statutory Indians). The recruitment of the superior staff of this Department will now be conducted with the advice of the Public Service Commission and that body has been requested to keep in mind the undertaking given by the Government of India to the Legislature that Indians should be recruited for the superior posts in the Department whenever possible.

**METHOD OF RECRUITMENT TO THE HIGHER POSTS OF THE POSTAL
DEPARTMENT.**

205. THE HONOURABLE SETH GOVIND DAS: Will Government be pleased to state the method of recruitment to the higher posts of the Postal Department and whether any distinction is made between Indians and Anglo-Indians in the required qualifications for entry?

THE HONOURABLE MR. A. C. MCWATTERS: Promotion to the grades of Deputy Postmaster-General and Presidency Postmaster is made by the Government of India by seniority subject to the rejection of the unfit. Promotion to the grades of Assistant Director-General and Postmaster General (including Deputy Director General) is made by the Government of India by selection, seniority being regarded only where other qualifications are practicably equal. No distinction is made between Indians and Anglo-Indians.

In future, promotion to the posts of Deputy Postmaster-General, Assistant Director-General, Presidency Postmaster, Madras, and Postmaster, Bangalore, will be made after consulting the Public Service Commission.

APPOINTMENT OF AN INDIAN AS POSTMASTER GENERAL OF A PRESIDENCY.

206. THE HONOURABLE SETH GOVIND DAS: Will Government be pleased to state whether any Indian has so far been appointed as the Postmaster General of any Presidency?

THE HONOURABLE MR. A. C. MCWATTERS: The answer is in the affirmative.

METHOD OF RECRUITMENT TO THE SUPERIOR POSTS IN THE TELEGRAPH DEPARTMENT.

207. THE HONOURABLE SETH GOVIND DAS: Will Government be pleased to state the method of recruitment to the superior posts in the Telegraph Department and to lay on the table a list of Indians and Anglo-Indians in the higher services with their respective educational qualifications and services?

THE HONOURABLE MR. A. C. MCWATTERS: The method of recruitment to the various gazetted posts in the Department is detailed in the statement which I lay on the table. For a list of the gazetted officers I refer the Honourable Member to the departmental publication (List of officers of the Posts and Telegraphs) which is available in the Council Library. The Government is not prepared to undertake the labour of collecting information regarding the educational qualifications of each officer.

Method of recruitment to the Gazetted posts in the Indian Telegraph Department.

1. *Traffic Branch.*

Superior Traffic Branch—by promotion of selected men from the grades of Deputy Superintendent and Telegraph Master. Direct appointment to this Branch from outside is also permissible at any suitable position in the scale.

Deputy Superintendents—by promotion of selected Telegraph Masters.

2. *Engineering and Wireless Branches.*

Superior Officers.—Twenty-five per cent. by recruitment in England; fifty per cent. by recruitment of statutory natives of India recruited in India and twenty-five per cent. by promotion of Upper Subordinates.

Upper Subordinates (Engineering)—by recruitment from the rank of Engineering Supervisors.

Upper Subordinates (Wireless)—by promotion from the lower grades. On account of a shortage in the number of departmental officials possessing suitable Wireless experience it has been necessary in the past, as a temporary measure, to recruit a proportion of the men direct.

RESOLUTION *RE* CENSORSHIP AND CONTROL OVER CINEMATOGRAPHS AND OTHER PUBLIC RESORTS OF AMUSEMENT.

THE HONOURABLE MR. V RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, I beg to move the Resolution which stands in my name and which runs as follows:

"This Council recommends to the Governor General in Council to improve the system of censorship and control over cinemas and other public resorts of amusement, and to adopt adequate measures to prohibit the exhibition therein of films and other shows which are calculated to corrupt the morals of the people."

Sir, in moving this Resolution I wish to state at once very clearly that my object is not to play the rôle of a Puritan. I am also not asking the Government to conform to any standards of puritanism or to take such steps as will satisfy the moral conscience of religious or spiritual critics of public amusements. I am fully aware of the fact that Government can be allowed to interfere only in a very limited degree with the amusements of the people. This position, I should say, has been correctly laid down by Sir Malcolm Hailey during the debate on the Resolution for the ratification of the International Convention for the suppression of the circulation of and traffic in obscene publications. On that occasion Sir Malcolm Hailey stated the position of the Government of India in one sentence and I shall read that sentence

"I hold that Government should show considerable caution in taking action against publications or reproductions which may be described as falling generally into the category of the improper or the indecorous. It is easy to make mistakes in that direction. Standards of taste and propriety differ greatly and I think that Government should not take the initiative in such matters unless publications are a very definite offence to public morals"

I quite agree that the position has been correctly stated, and what I seek to ask the Government to do is merely to give effect to this declared policy.

The Cinema has become an instrument, a potent instrument, of not only amusement but of instruction to the general public. It is exercising undoubtedly a very vast influence upon the minds of the young men and young women, and generally on the people as a whole. The potentialities of the cinema and similar public shows as factors in education are well recognised, and while it is full of potentialities for good, if it is properly used, it is equally full of potentialities for a great deal of harm if it is improperly applied. An expert and authoritative committee in dealing with the uses of the cinema have summarised its uses in three short sentences, and I make no apology for quoting them.

"(1) The cinematograph stimulates the imagination, encourages observation and awakens a keen interest in the subjects illustrated;

(2) Visual impression imparts instruction more easily, more vividly and more durably than many oral lessons;

(3) The cinematograph enlarges the scope of experience."

All this is true and perhaps even more, if by the exhibition of wholesome and elevating pictures you can inculcate good taste and good morals and impart useful knowledge. It goes without saying that if you resort to

the exhibition of filthy and distressing pictures and thereby cultivate a depraved taste and encourage habits which lead to demoralisation, a great deal of harm is done. Recently, my experience has been that the cinema has been put to very improper and objectionable uses. I have myself witnessed many performances when I had time to go to these places of public amusement, and I found that lots of young men and young women patronised the shows only when they were of a sensational character, sensational in a most objectionable manner. In order to cater to the tastes of the public who resort to these amusements the desire to make the scenes more sensational and more objectionable is growing. The acquisition of wealth is the chief aim of these exhibitors, and whatever pays them will be repeated very often. In this connection I would draw the attention of the House to the fact that in the craze for showing something which is very attractive even historic incidents and Puranic stories are perverted. I had the misfortune to attend a performance in which the "Light of Asia" was exhibited. The "Light of Asia" is, as you all know, the life of Lord Buddha, one of the most sacred stories in Indian mythology or history, whatever you may please to call it. However, I found to my great distress that the young wife of Lord Buddha as soon as he became a *sanyasi* and went out, was wooed by some prince and then the whole of the rest of the filthy story was largely filled with incidents of love intrigue that Lord Buddha's wife had with an unknown young man. So far as I know, neither history nor mythology ever taught us that Lord Buddha's wife was a woman of that character. Wooing may be a very admirable acquisition or accomplishment of young ladies in other countries, but in this country wooing is not considered an accomplishment. Indians are absolutely dead against this system and such a thing as wooing is unknown in this country. Therefore, the story while it is thrilling and attracts large crowds is undoubtedly calculated to corrupt public morals in this country. The films that come from America—there are a large number of them exhibited all over the Empire and the world—contain very many scenes which are calculated to corrupt public morals. One of the uses of the cinematographs is said to consist in enlarging the scope of experience. I must confess that the scope of my experience was very largely enlarged in some directions which I should have tried to avoid. I can tell this House that I had no experience of burglary or elopement. After I saw certain cinema shows the scope of my experience in the realm of crimes like the cleverest piece of burglary and the most sensational piece of elopement has been enlarged, and if I were a little weaker than I am I should certainly have been drawn to these things. And I do not pretend that there are not very many men who are not weaker than myself. Therefore, there cannot be any doubt that the scenes which are now exhibited to the public every day are of a character calculated to corrupt their minds.

Now, Sir, there is a very great reason at this juncture why the Government of India and the people of this country should take some interest in this matter. The encouragement of the cinematograph trade is engaging a great deal of attention in England at present. Some of you, at any rate, have read the reports of the debate in the House of Commons over the Cinematograph Bill. It is going through its second reading now. The President of the Board of Trade in moving the consideration of the Bill at its second reading stage made a speech and even the prosaic Reuter has put a little sentiment into the report which was wired out

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to this country. I will quote one sentence from the speech as reported by Reuter. The President of the Board of Trade is reported to have said :

" Cinema was the most universal medium to-day through which national ideas and national atmosphere could be spread. Those were intangible things. They were surely most important things in a civilised country and in a great Empire. The strongest bonds of the Empire were those intangible bonds. Films were shown to-day to millions of people all through the Empire and they must unconsciously influence the idea and outlook of the people."

I quite agree, and if the British people could manufacture films which will impart useful knowledge and inculcate good tastes and morals amongst the millions of His Majesty's subjects in the British Empire, I dare say they would be doing a very great service. I am not in this connection looking at it from the economist's point of view by pleading for the encouragement of the Indian film trade much as I wish to do it—I am now on the question of morals. The danger of the British move would be evident if in the race with the American competitors the British manufacturers turned out a large number of filthy films and sent them on to India for exhibition in order to make money. The House of Commons, I am glad to say, are not oblivious of this danger, and Sir Robert Horne is reported to have said that he hoped that the Bill would help to get such production of British films as to overwhelm the exhibition in the East of films tending to lower the prestige of the Westerners. The implication is that the present films sent out are not of such a nature as to enhance the reputation of the Westerners. Therefore, Sir Robert Horne sounded a timely note of warning to the British manufacturers and asked them to overwhelm the exhibition of such objectionable features by the production of good films in England. That is a very sensible suggestion. Mr. Ramsay Macdonald is said to have actually moved for the rejection of the Bill on the ground that it compelled the British traders to supply goods irrespective of their comparative merits and demerits and the demands of their customers. Ultimately the debate was adjourned. We are awaiting with great interest the further stages of that Bill. Following on the heels of the attempt to legislate for the encouragement of the production of British films by the Legislature in England, there are also activities directed towards the same object on the part of business men in England. Already a huge concern, an Empire wide organisation is floated, which is called the British Incorporated Pictures, Limited. The object is to produce vast quantities of film literature for exhibition in the East and other parts of the British Empire. I have read the report of the activities of that body and if the report is correct, there is room for apprehension of objectionable films coming out unless sufficient control is exercised by the Governments in England and India. It is however pleasing to know that authors of the reputation of Arnold Bennett, and Conan Doyle, are on the syndicate of that body. I also find that the well-known producer Gordon Craig, actors like Maurier and Thorndyke and artists like Brangwyn and Dulac, which are well-known names, are connected with this enterprise. Therefore, if this syndicate is to send a large volume of films to India, it is necessary that the Government of India and the people of this country should tell them what kind of films will be useful and what kind of films ought not to be sent to India. You must have some control and voice in the matter. Therefore I am moving this Resolution with a view to see that the present evils of the cinematograph and other

public shows are minimised as far as possible and that the output of films and other shows for exhibition in India is effectively controlled in some way by the Government of India. I am quite aware of the existing arrangements. For the benefit of Honourable Members who are not acquainted with the legislation on the subject, I may say that it is embodied in the Cinematograph Act, II of 1918, as amended by the Act of 1919. That Act sets up authorities for certification and also licensing authorities in all the provinces. They have to certify that a film is fit for exhibition and licensing authorities have powers of subsequently withdrawing certification and seeing that objectionable films are not put on the screen. The operative section says:

"Any Local Government authorised in this behalf by the Governor General in Council may constitute as many authorities as it thinks fit for the purpose of examining and certifying films as suitable for public exhibition."

Latterly the Government of India have also done a service to this country by ratifying the International Convention for the suppression of the circulation of and traffic in objectionable films and by following it up by the enactment of legislation in the shape of Act VII of 1925 for giving effect to the terms of that Convention and making the dissemination of literature which is likely to corrupt the morals of young men below the age of 20 more severely punishable. In spite of these safeguards I must say that the object has not been achieved. If the certification is claimed to be efficient, I must emphatically say "No". I have seen some of the films which have been passed by the censors and there is undoubtedly very vast scope for improvement. I have therefore framed my Resolution guardedly seeking to "improve the system of censorship and control". I know that the system is intended to be effective and is well meant, but my complaint is that the control exercised is so feeble and the work is done so carelessly that a large mass of films which are really objectionable are allowed to pass without censorship and are actually on the boards. Therefore, I must ask the Government of India to take more stringent measures to see that filthy literature and filthy shows are tabooed. It is one of the primary duties of the Government of India.

If I tell you the reason which actuated me to table this Resolution, my object in bringing it forward will be clearer. The idea of tabling a Resolution like this occurred to me only after I listened to one of the most remarkable and eloquent addresses I have heard in recent times from a British lady, Mrs. Rolfe, who addressed the members of the Legislature a few days ago in one of the committee rooms. She is a member of the British delegation of the Social Hygiene League for the prevention of the spread of venereal diseases in India. She in the course of a most remarkable lecture pathetically said, "What is the use of our coming to India and preaching social hygiene and trying to prevent the spread of venereal diseases when every day films are put on the screens here which are calculated to lead astray thousands of young men and young women and actually conduce to the spread of venereal diseases." She pathetically pleaded that Indians ought to do something in the matter and that Indians should also ask Government to move in the matter. That lecture has made such a deep impression on my mind that I thought that I should be failing in my duty if I did not draw the attention of the Government to that deplorable state of affairs. If that appeal coming from a British lady, who came here on the humane mission of social

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hygiene and the preventing of the spread of venereal diseases, is not to be listened to by the Government of India, then I do not know what other voice the Government of India will listen to. Therefore, I must ask such members of the Government, who have not been able to be present at that lecture, to get a report of the speech. It will do them a great deal of good to read it. I therefore very earnestly hope that the Government of India instead of turning down this Resolution will consider how they can improve the system of censorship. If they say that the system cannot be improved, then I must beg to differ from them. I believe there is great room for improvement and many people share that opinion, and I hope you will have the kindness to admit that the system is capable of being improved. With these words I move the Resolution.

THE HONOURABLE MR. H. G. HAIG (Home Secretary): Sir, I think that all the Members of this Council should be grateful to my Honourable friend for raising this question which is one of very considerable importance, and I trust that before I sit down I shall be able to persuade him that the Government of India, while they take a considerable interest in the system of cinema censorship and do what they can to improve it, are by no means convinced that it is perfect and are fully open to any suggestions for improvement that may be offered. The problem of the cinema is one that is experienced in all countries. It is one from which India cannot possibly hope to escape, and in India we are perhaps only at the beginning of our difficulties. For though the cinema habit has undoubtedly made remarkable progress in recent years in this country, if we may judge from the experience of other countries we may, I think, anticipate still more remarkable extensions. I hope the House will bear with me if I try to indicate some of the difficulties which must in any country, and particularly in India, confront the censor. They arise really from the essential characteristics of the film. In the first place, there is the fact that the film produces its effect without any recourse to words. The absence of words leads inevitably to a heightening and exaggeration of the visible effects. For an illustration of what I mean I need only refer to a device with which possibly Honourable Members are more familiar than I am, but I too have heard of it and occasionally witnessed it. It is known, I think, as the close-up. In the close-up, all actions and emotions are enormously exaggerated. If the heroine is moved to grief, we are privileged to see each tear gather in her eye and drop. In the same way, if an impression of vice or vulgarity is to be produced, that impression is enormously exaggerated by the very essence of the film. In the second place, Sir, the result of these simple and crude effects is that they make a very powerful appeal to a wide and often uneducated audience, and impressions, which, if addressed to better educated and more sophisticated audiences through less vivid means, might be less harmful produce among the cinema audiences somewhat unfortunate results. No one, for instance, would advocate that a novel dealing with burglary should be suppressed by the censor, but many people agree, I think, with my Honourable friend that it is not desirable that there should be exhibitions of burglary or elopement or other undesirable practices on the cinema. They do undoubtedly in the cinema produce an atmosphere which works very directly on the audiences which witness them. Another difficulty, Sir, is that a very different impression is often produced, on persons at a different stage

of education or of different social customs and surroundings. To the latter point I shall come back a little later, but it is one which obviously creates very special difficulties in India. All this, Sir, leads to conditions which not only require the constant vigilance of the censor but render his task peculiarly difficult. It is difficult enough to censor words but to censor the impressions which are conveyed, by sights is a matter of very extreme difficulty and delicacy, and it is seldom that two people will agree as to what is or is not objectionable unless it is a very extreme case. My Honourable friend the Mover mentioned the strong and almost monopolistic position which the American trade has secured. Well, Sir, we owe no doubt the development of cinematograph production almost entirely to America and much admirable and valuable work has been produced there, but I suppose it is inevitable that in the competitive conditions of production and as a result of the very wide popular audiences to whom the cinema appeals, a considerable number of low-grade films are produced. I do not know very much about the organisation of the trade, but I am told that the organisation of distribution is such that the exhibitors, with the best will in the world, cannot confine themselves to the best class of film. I am told that, with every good film, they are practically forced, by the arrangements of the trade, to accept a considerable number of films which perhaps they would be very glad not to accept, cheap films making a cheap appeal to the less desirable side of human nature. That is a point which I hope the House will bear in mind. In any country, therefore, the censor will clearly be kept busy with films which are very much on the borderline and if the censorship is applied with undue rigour an outcry is at once raised, that the trade is being destroyed, is being stifled, the amusements of the people are being interfered with. On the other hand, if the censorship is a little relaxed, then films may gain currency which are capable undoubtedly of doing much harm to the character and morals of the nation. I think, Sir, I have shown that the task of a censor is a difficult one in all countries, and if the Government agree with my Honourable friend that it is desirable in the words of the Resolution to "improve the system of censorship", this must not be taken as implying condemnation of work which on the whole, making due allowance for the difficulties which I have explained, has been carried out very successfully, I claim, by the various boards of censorship in India. I would mention, Sir, one special difficulty which we find in India and which is not present in the West. The films which are shown in India represent an alien civilisation interpreted by these crude and vivid methods to an audience which in many cases comprehends very imperfectly the social conditions presented. That makes the effect of the cinema particularly difficult to determine and indeed in this country one may say the civilisation presented is doubly alien, for the proportion of British films is so small as to be almost negligible, and the manners and civilisation presented for our admiration or the reverse are those of America. It is this fact that has led to the remarkable developments within the last few months that my Honourable friend mentioned in Great Britain. The whole question of presenting to audiences the manners of their own nation is one which was considered of sufficient importance to engage the attention of the Imperial Conference and already we see the results of the deliberations of that body. As my Honourable friend has just told the House, an important organisation is apparently about to be floated with the idea of producing a large quantity of British films and the Government have introduced legislation at Home to encourage the marketing and distribution of the films thus

[Mr. H. G. Haig.]

produced. We may hope, Sir, that if these schemes are successful, and if the proportion of British films offered in India is largely increased, we may at any rate get representation in this country of the manners of Great Britain and not of the manners of America, and to that extent I hope that there might be improvement and that the task of the censor might be to some extent simplified. But I do not want to lay too much stress on this because, as my Honourable friend pointed out, the British producers will be faced with very much the same conditions as induced the American producers to play to the less desirable instincts. It remains to be seen whether they will be able to avoid these pit-falls. But, Sir, it seems to me that a still greater improvement would lie in a considerable extension of the production of Indian films—Indian films showing Indian stories in an Indian setting. This would give rise to a much stronger and more definite public opinion, for the audiences would realise at once when pictures of their own life are presented to them whether these pictures were such as should be shown or should not be shown, and I maintain that whatever Government may do, public opinion is the real foundation of censorship. One of our great difficulties in the whole of this question is that the censor cannot work effectively unless he knows how public opinion regards his efforts. At present Indian audiences cannot fail at times to misinterpret Western films. The censor may pass a film to which an English audience would find no objection, and yet that may be a film which it is not particularly desirable to exhibit before an Indian audience. In other words, the censor has to decide not only what is tolerable from a Western standpoint in the representation of Western manners but what is tolerable from an Eastern standpoint, or even what is tolerable from the standpoint of probable error or misinterpretation.

These, Sir, are the difficulties of the problem. I will just mention briefly how the Government have tried to deal with them. The films, as Honourable Members, of course, are aware, enter India through the ports. I do not wish to enlarge on a proposal which was at the beginning considered and rejected for what the Government of India considered sound reasons, namely, a system of central censorship. My Honourable friend has not referred to it. The question was discussed a year or two ago in this House and the proposal was rejected. A system of central censorship would undoubtedly give rise to considerable inconvenience and delay. One cannot expect that the inhabitants either of Bombay or of Calcutta would be pleased if all films had to be sent to some central place, like Delhi, there censored, and then, returned to Bombay or Calcutta. Still less perhaps would they be satisfied if the films imported in Calcutta had to be sent to Bombay. For these and other reasons the Government of India decided that the censorship should take place at the ports of entry, and four Local Governments, namely, Bombay, Bengal, Madras and Burma, have been given powers of establishing Boards of Censors which are entitled to give a certificate of all-India validity. In practice, of course, the great majority of films are censored either at Bombay or at Calcutta. Now, Sir, this is not the first complaint we have had that the censorship is inadequate and unsatisfactory. At various times within the last few years a number of complaints, for the most part of a general nature, have been received by the Government of India, and they have carried on a somewhat prolonged correspondence with the Local Governments under

whose immediate control the censorship is conducted. The general attitude of those Local Governments—and of course the Governments of Bombay and Bengal are the most important—is that they are achieving a great measure of success in a matter of considerable difficulty. They certainly are not open to the charge which I think my Honourable friend made that the censorship is done carelessly, and there is not the least doubt that, objectionable though somethings may appear to my Honourable friend, a great number of far worse things are excluded. The censorship is up to a certain point effective. They are always open to suggestions, and so are the Government of India, and they are prepared to adopt any practicable means of improvement. But one of the difficulties is that the criticisms and complaints are for the most part of a general nature and they get very few definite complaints alleging that some particular film or some particular part of a film is undesirable and should not have been passed by the censor. Those are the kind of complaints that are really useful if we want to improve the system. The Boards of Censors have established, as far as we can see, excellent principles. I read only a few days ago a long list of subjects and treatment of subjects which the Bombay Board of Censors had laid down as being objectionable and justifying rejection, and they have adopted methods which in the special conditions with which we are faced in India we find it difficult to suggest any immediate improvement upon. But if any Honourable Members have any practical suggestions to make the Government of India will be only too glad to give their attention to them. I was very much interested in what my Honourable friend said about the talented lady who recently addressed the Members of the Legislature. I regret that I was not present there myself, and I particularly regret that she did not bring her criticisms to the attention of the Home Department which deals with this matter of censoring. I notice that just on the eve of her departure from India she gave an interview to the *Times of India* and in that she said:

“Films which have been rejected by Watch Committees and some of the leading English towns because of their harmful influence on the youth in the West are being freely shown to the youth in the East.”

Well, Sir, that is exactly the kind of thing we want to get hold of and I propose to write to Mrs. Rolfe and ask her if she can supply us with details of those films. We can then approach the Local Governments and ask them how it was that such-and-such films were passed by their Boards. But as long as it is open to the censoring authority to say, “Well, as a matter of fact we pass through so many thousand films and we get practically no definite complaints” the position is difficult. To say that the cinema is in general demoralising is easy and it may, I fear, be to some extent true. But the censorship has to proceed on details and it is only by furnishing details that we can hope to improve a practice which, I venture to assert, and I hope the House will agree, is on the whole in a very difficult matter not unsatisfactory. Government welcome this discussion. They are just as anxious as any Honourable

12 Noon. Member of this House that the cinema with its potentialities for good and for evil should not be allowed to get out of control and should not become a demoralising influence in this country.

Before I sit down I wish to say one word about a part of the Resolution which was not mentioned by my Honourable friend. He refers to control over “other public resorts of amusement.” I am not aware whether he

[Mr. H. G. Haig.]

has any other public performances of a particular nature in mind. The control of dramatic performances, for instance, is in general left to Local Governments and we have no reason to suppose that that control is not exercised in a proper and effective way. If there are any particular complaints about any other class of performance we shall be gläd to make inquiries. But in accepting this Resolution on behalf of the Government I wish to make it plain that our attention, and I understand the attention of this House, is directed mainly, if not entirely, to the question of cinematograph exhibitions.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadian): Sir, it is a matter of grave concern and one of great consternation too, that the Cinema shows at present exhibited in most of the theatres exert a most demoralizing influence on the inhabitants of this country. Of the educative value of these Cinemas and of their recreative character, none can gainsay. Indians, as a nation, have known and have pursued and enjoyed several kinds of recreations even from the remote past. Games, music, dances, theatres and exhibitions of feats, arts and industries calculated to improve the physical, moral and mental stamina of the people, are not unfamiliar to them. But, unfortunately, Sir, the Cinema films imported from the West and some of these manufactured in this country have produced and are producing a contrary effect in India. In the first place, the cinema theatres are ill-ventilated and are so badly designed and constructed that the health of the visitors is endangered to a considerable extent thereby. Cinema shows have to be shown in darkness. So the ventilators, if any, are all shut out, thus shutting out light and air. But it may be said there are electric fans provided. The artificial breeze created by them, however, can bear no comparison to the natural breeze—the free play of air—which alone can purify the foul atmosphere and serve as a tonic and refresher to the inhaler. A couple of hours continuous stay at a Cinema show will, I am sure, cause a sort of sickening headache to many, despite all the electric fans and other artificial arrangements that may have been made to purify the air within. At any rate, Sir, that has been my painful experience. Medical men have held that Cinemas and theatres are undoubted sources of various diseases. They generate, nurture and spread all lung diseases commencing from the innocent cold and cough and ending with that terrible disease, tuberculosis. During the great Influenza epidemic, which claimed countless victims in all parts of the world, one of the effective preventive measures adopted was the closing of all the Cinemas and theatres to the public. Overcrowding in Cinemas is encouraged to a horrible extent, so much so that the health of the visitors is looked upon only as a matter of secondary importance or no importance even, the prime concern of the cinema proprietors being solely their profits. Again, these cinemas tend to affect the eye-sight of the visitors, especially of the youngsters. Darkness and light alternately in quick succession impair the vision, and if only careful statistics are compiled, it will disclose the astounding and dismal fact that fairly large percentage of cinema attenders are subject to eye-diseases, leading ultimately even to blindness, in the case of habitual visitors, in the long run. Cinemas are also the fruitful source for the spread of infectious diseases, such as small-pox, measles, etc. The period of incubation, in the case of these diseases, extends to some weeks, and anyone apparently all right, attending a cinema at the initial stage, unaware of the infective nature of the disease that is lurking and

developing in his system, may be the unconscious cause of a widespread epidemic. Unless, therefore, the strictest control and supervision are exercised by the Local Boards and Municipalities over these cinemas and theatres to prevent overcrowding, and unless the greatest care is taken in the course of construction of these cinemas and theatres to see that they are properly lighted and ventilated, I am afraid any number of pious Resolutions such as the one recently brought forward by my Honourable friend Sir Ebrahim Jaffer in this House for the formation of Committees, Councils and Conferences to devise means to prevent the growing spread of tuberculosis in India will be of no avail. So far about the baneful influence of the cinemas and theatres on the health and physique of the visitors.

Now, coming to the mental and moral influence which these cinemas exert over the audience, I can boldly and without fear of contradiction assert that the growing increase in crimes and the moral depravities of men and women in India, are partly the outcome of the so-called educative value of these cinema shows. The detective films exhibited in these cinemas practically teach the youngsters the subtleties in the art of thieving, in robberies, dacoities and murders, while the abominable love scenes, which, unlike in India, are entirely divested and devoid of spiritual emotions simultaneously kindled and ultimately gaining the upper hand, lead the unfortunate youngsters astray and make them life-long victims to countless sexual diseases. Youngsters, at their impressionable age are easily liable to acquire immoral habits and while these cinemas will be harmless in weaning them from immoral practices and habits which evidently is the prime object of these shows, they are a source of positive danger to humanity, if they merely rouse the brute passion in the people, without at the same time, checkmating it by the kindling of a lofty sense of morality and a high standard of spirituality in them. This, Sir, in substance is the difference between the Eastern and Western methods of propagating knowledge to the illiterate masses. The deputation of the British Social Hygiene Council that recently visited India have condemned rightly, and in no uncertain terms, such cinema exhibitions as ultimately tend to the moral and sexual depravity of the Indians and lead to the ruin of their entire social fabric which is based on the solid rock of morality and modesty. In my humble opinion, Sir, these cinema shows should be restricted to propaganda work in matters solely connected with health and hygiene, first aid, agriculture, industries and the like, which go to improve one's body and mind and endow one with lasting material benefit. To play upon the passions of human beings is sinful in the eyes of God and man, and such exhibitions as might cause physical and moral degradation should be strictly prohibited and censorship on such films rigorously enforced. Urgent legislation, which is needed, should be undertaken immediately and the Government of India and the various Provincial Governments would be liable to the charge of criminal neglect if they should fail to discharge this primary duty towards the teeming illiterate millions committed to their charge.

THE HONOURABLE SAIYID ALAY NABI (United Provinces West: Muhammadan). While we are thankful to the Honourable Mover for his anxiety to improve the morals of the people I think I cannot agree with him when he says that the law as it stands now is not stringent enough,

[Saiyid Alay Nabi.]

He has quoted a part of the Cinematograph Act of 1919, but he has not been able, perhaps he has overlooked the provision where it is laid down that if a film has been passed and certified as suitable for public exhibition by the censoring authority, then if afterwards it is brought to the notice of that body that the particular film or films offend against the morals of the people the censoring body has a right to suspend the certificate.

THE HONOURABLE MR. V. RAMADAS PANTULU: I have referred to that provision also.

THE HONOURABLE SAIYID ALAY NABI: I am sorry I did not hear the Honourable Member. Well, my Honourable friend has given us certain experiences of his own in that direction. If the exhibition of a certain film did offend his morals and his moral conscience then it was his duty to report to the censoring body and say that that film had been wrongly passed and should not have been certified. That was my point and that is my point, and I think it is the duty of us all to take that step whenever we find that a film which had been passed is not suitable for exhibition and should be suspended. There is one difficulty more about it. I would say here the law is stringent enough no doubt but we have after all to look at it from the business point of view. We have to bear in mind that it is a very difficult question to decide what are morals. Morals I think have nowhere been defined. They differ very much indeed with classes of people. There is no written code of morals. I have looked in vain in the speech of my Honourable friend for anything which may serve as a guide to the censoring body or for the benefit of the exhibitors of films. The exhibitor does not take up this work for philanthropic reasons. We have to look to the other side too—that is he has to cater for the needs of the public at large, and the public in India does not consist of one nation or one religion or one race. The exhibitors have to cater for all kinds of people, so that people may have a pleasant evening. That is the object. I do not think that if they were to exhibit pictures of saints or angels there would be anybody there except empty benches and chairs, and empty chairs do not pay—they cost something. Therefore, I say that we have to take very good care to see that no such stringent measures are taken so that this important business, which is instructive too as my friend said in his speech, is altogether closed. We have to look at it from that point of view. Public morals are very indefinable. They vary with the climate of a country, they vary with the stage of development of a people. They vary with the religion of a people. Even ethical standards of individuals differ. They vary with education, upbringing and the associations and surroundings of a man. They even vary with the liver and digestive capacity of a man. You cannot possibly lay down a hard and fast rule. The safest guide is the censoring body. We have to depend upon their judgment and discretion. If they have not been correct in their judgment and in their discretion we have to bring to their notice that they have not been right, and I think that would be the position which may be consistent both from the view of public morals and the view of the people who carry on their business. I do not mean to be understood that I am against improving public morals.

THE HONOURABLE MR. V. RAMADAS PANTULU: I am thankful to the Honourable Mr. Haig for having accepted the Resolution. His speech.

I must say, has adduced more arguments in my favour than against me and has improved my case. He has pointed out that the cinema exaggerates the effects of a scene, that it caters to the uneducated masses and that it seeks to exhibit an alien civilisation and culture. These are grounds for our being more cautious in improving our censorship. All that he says is that the censorship might easily have been worse and that we must be thankful for what has been done. What I am asking is that the Government should be more vigilant, as vigilant as they can possibly be. As for my friend's hope that the British films will improve the character of the shows and that British manners will be an improvement on the American manners, I know of neither. It is a matter for settlement between the Americans and the Englishmen, and there is no American here to exchange compliments with my friend Mr. Haig. With regard to the observation of my friend Mr. Alay Nabi about my not reporting the matter to the censor, I plead guilty to the charge. It is one of those defects of character from which this country is suffering. The sense of public duty has not developed to that extent which would help Government and the people in the discharge of many of their legitimate duties. I spoke to many of my official friends about the objectionable character of the films, but I did not formally report the matter to the censor. Next time when I come across an objectionable film, I shall take good care to report it. My friend Mr. Alay Nabi is unnecessarily nervous about my Resolution trenching upon legitimate amusements as notions of morals widely differ. I have heard of the saying that equity varied with the Chancellor's foot, but have not yet heard that public morals varied with the liver of the censor. Whatever that may be, I have made it clear that the scope of my Resolution is confined to the policy laid down by Sir Malcolm Hailey in moving the Resolution regarding the International Convention. What satisfies Sir Malcolm Hailey ought to satisfy the standards of my friend Mr. Alay Nabi. With these words, I once more thank the Honourable Mr. Haig for having accepted the Resolution.

THE HONOURABLE MR. H. G. HAIG: I have very few words to say. My Honourable friend Dr. Rama Rau appeared to me to be going far beyond the scope of the Resolution which deals with the improvement of censorship (*The Honourable Dr. Rama Rau: "Improvement of censorship and control"*) and control. I think he really wished almost to abolish the cinema. At any rate he ought to have wished it. It has such deleterious effects, physical and mental, that he has no business to wish it to continue in any form. It no doubt would be an interesting subject for speculation whether we would not be better without the cinema, without the motor car, without various other modern developments. But that is not at the moment the matter before the House. My Honourable friend Mr. Ramadas Pantulu is, I think, so much accustomed, sitting where he does, to oppose these Benches that he seems to suffer from a certain sense of disappointment that I was not opposing him on this occasion. He even tried to suggest to the House that when I was supporting him I was arguing against him. I can assure the House that that was not so. We are really in agreement on this subject. As for his remarks about the comparative manners of British and Americans I think he misunderstood slightly what I meant. I did not suggest that British manners were necessarily superior to American manners. I said that it was an advantage to British people to see British manners as they are more easily comprehensible.

THE HONOURABLE THE PRESIDENT: The question is.

"That the following Resolution be adopted:

This Council recommends to the Governor General in Council to improve the system of censorship and control over cinemas and other public resorts of amusement, and to adopt adequate measures to prohibit the exhibition therein of films and other shows which are calculated to corrupt the morals of the people."

The motion was adopted.

RESOLUTION RE PRESIDENT OF THE COUNCIL OF STATE.

THE HONOURABLE SIR SANKARAN NAIR (Madras. Non-Muhammadan): Sir, I move

"That this Council recommends to the Governor General in Council that early steps should be taken to amend section 63-A of the Government of India Act, so as to make the Governor General the President of the Council of State."

Sir, I seek by this Resolution to restore the practice which existed before the Reforms when the Governor General in Council was the President of the Legislative Council. When he was able to do so, he presided over the Council meetings and on those occasions when he was not able to attend, he deputed a Member of the Executive Government to take his place and preside. It is that which I really seek to restore. The arguments, Sir, are very simple. In this Council we have various parties. One is the Government party under the guidance of the Members of Government. There is an Opposition, certainly one, of the Swaraj Party here, and there are also various other Members. To decide all those questions which arise between the Government party and the Opposition and the other Members too it may be, such questions as come before the President to decide the questions which any member belonging to any of the parties might bring forward and to hold the balance even between all the members, it is necessary that we should have a President who will not only be strictly impartial according to his lights, according to the best of his judgment because I take it that all those who are appointed to that position will come to impartial conclusions only according to the best of their judgment, but the President must be one who is above any suspicion even of conscious or unconscious partiality. It is not the fact alone, as we say in the courts, it is not so much the fact of impartiality that is important as the reputation for it, there should not even be a suspicion of partiality. Now, that cannot be the case when we have a subordinate Officer of Government coming here as the President of the Council and when he has to look, as he usually looks, to promotion afterwards at the hands of the Government. That is the first argument.

The second argument is this. We are now in a transition stage, transition from a bureaucratic government to a popular government, or rather, to be more precise, from the government of India by the Civil Service to a popular government. Now, in that transition stage it is but right in that the President of this Council should not be a member of the Civil Service, but should be one who is accustomed to popular government, who has been living under popular institutions, who has taken part in working popular institutions, who has been in fact a Member

of Parliament. However sympathetic a Civilian might be to popular aspirations, there are limits to that sympathy. However reactionary a man accustomed to popular government might be, there are limits to these reactionary tendencies. Furthermore, we look forward to a time when a convention will arise, when we shall be able to get rid of almost all these laws or restrictions which are now found necessary, restrictions on the expression of popular opinion. Now, Sir, in the case of a Civilian, the interpretation of the rules is likely to be rigid. In the hands of a Parliamentarian, the interpretation of the rules is likely to be liberal. If you want a convention to evolve, not only must the interpretation of these rules be liberal but there must also be a relaxation of these rules when circumstances will allow the President to do so. For all these we should have a President who is accustomed to deal with parliamentary institutions. That is the second reason.

The third reason is this. We want, the Members of the Council want, to know the Viceroy better, and we want him to know us. There are some Members here, it is true, who are very fortunate in being able to see him very frequently; but those who were in the Council in the pre-reform days and who are here now when he is no longer present here presiding, will bear me out when I say that in those days the Viceroy was to us a living person, when we met him here day after day, when he was present at these discussions. Now to many of the Members of this Council he is almost an abstraction, a dim figure. That ought not to be so. The Viceroy is not only the representative of the King Emperor, but he also occupies here the position which the Prime Minister in England occupies. He is the head of the Executive and it will tend to smoothen the administration of the government if the head of the Executive, if the Viceroy, comes constantly into touch in this way with the Members of this Council, when he sees us face to face, when he hears arguments from us, when he sees how we discuss these things, and when he teaches us also how to discuss these things.

Well, Sir, that leads me to the next argument. We have in this Council men of the highest social standing, men like—as he is not here I may mention his name—men like the Maharaja of Darbhanga, nobles of ancient lineage, and also men who have risen from the ranks or who are just emerging from the ranks. We do not form a class; we have not got any class morality behind us, neither have we any common tradition binding on all of us. Now, Sir, the nobility of England from which the Viceroy comes is a class which has got the reputation of consisting of what they call perfect gentlemen. Now, under the superintendence, under the guidance of a man like that, this Council will gradually evolve a code of manners which will make him the President of a body of gentlemen. The main characteristic of a gentleman being, so far as this discussion is concerned, that he can strictly carry out all his duties, be very strict in the execution of his duties without hurting or wounding anyone's feelings, without giving any offence to anybody. It is essential, I think, considering the composition of this Council of State that we should have such a man as the President of this Council.

Then, Sir, there is only one small matter. It will undoubtedly add to the prestige of this Council to have the Viceroy as its President. Men who now do not care—I speak from knowledge—men who now do not care to enter the lists and fight the elections to get admitted here, when they know that the Viceroy himself is present here in person as the President, would try to come here as Members of this Council.

[Sir Sankaran Nair.]

These are the arguments, Sir, which suggest themselves to me and I submit that it is very desirable that we should have the Viceroy as the President of this Council. It has been suggested that the Viceroy may not find time. My experience about Viceroys is that they find time. If a Viceroy has no time an Executive Member of the Council may take his place and preside in his absence. For these reasons, Sir, I move my Resolution.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma General): Sir, I beg to move the amendment to the Resolution moved by my Honourable friend Sir Sankaran Nair. My amendment runs:

“That for the original Resolution the following be substituted.

‘This Council recommends to the Governor General in Council that in future the Governor General shall appoint one of the elected non-official Members President of the Council of State’.”

Sir, it is not necessary for me to make a speech at some length because my amendment is self-explanatory. My object in bringing forward this amendment

THE HONOURABLE MR. V. RAMADAS PANTULU: I thought you called on the Honourable Member for a discussion on the main Resolution. My amendment stands first on the paper.

THE HONOURABLE THE PRESIDENT. It is quite true that the Honourable Member's amendment stands first in the list. I looked towards him and I hoped he would rise so that I might call him to move his amendment. But the Honourable Mr. P. C. Desika Chari was the only Member of the House standing and therefore I was left no option in the matter. I do not think it really very much matters which amendment is moved first. The Honourable Member will have his opportunity later.

THE HONOURABLE MR. P. C. DESIKA CHARI: Sir, my object in moving this amendment is this. Under the provisions of the Government of India Act it is possible to give effect to a Resolution as amended by the amendment which I submit to the acceptance of the House. Sir, under section 68A. of the Government of India Act the Governor General may appoint any Member of the Council the President of the Council. If this amendment is accepted, it does not require any amendment of the Government of India Act. At the same time I may say that I am not opposed to the principle of election of a president from among the Members of this Council, but I submit that to give a practical turn to the Resolution, it is enough that we confine our attention to the amendment which I propose. Sir, the fact that I do not want an official Member to be appointed need not be taken as a reflection on the President who have been officials. I mean it as a compliment to those officials who have been the Presidents of the Council of State. My submission is this. They have discharged their duty, under the present Act, of instructing the other Members to understand their duties as Members and in a way instructing the Members to learn how far the discretion vested in the President should be exercised. I believe, Sir, the Reforms have been in operation for a sufficiently long period, and I believe the time has come when it can safely be said that not only officials but also non-officials can be trusted with the duties of Presidents.

THE HONOURABLE RAJA NAWAB ALI KHAN (United Provinces: Nominated Non-Official): What about nominated non-officials?

THE HONOURABLE MR. P. C. DESIKA CHARI: I wanted to confine this to the elected Members only because of another reason which I shall state presently. Sir, the object of the Government of India Act is to vest some powers in the elected representatives of the people. These representatives are expected to replace in a large measure the control of Parliament in so far as the control has been relaxed under the Government of India Act. No doubt the status of nominated non-officials would be as representatives of certain classes which do not find a place in election. But this Council has got a majority, though it is a bare majority, of elected representatives, and seeing that it is these representatives that come in by the franchise which has been extended to the people, and as other Honourable Members, especially the officers, come in only incidentally just as a sort of teachers, I expect that when the pupils are fit to shoulder the responsibility, they should be allowed to discharge those responsibilities as soon as they are fit. Sir, there is one other objection to nominated non-officials being appointed President. As it is, it requires their appointment first as Members of this Council and secondly, having made them Members, further to appoint one of them to be President. Sir, is it not desirable that people who have come in by election, in whose case there is no need of appointment as Members, should take precedence over those people, officials or non-officials, who come in by appointment in the first place by the Governor General? I am not excluding non-officials in any spirit of hostility, but I would submit that the tenour of the Act that the Viceroy shall appoint from among the Members of the Council a President is fulfilled by the appointment of one of the elected representatives who get in by the process of election which has been introduced under the new Reforms. Our position is this. If no elected non-official can be appointed President we have only to fall back upon the official element, and if we are to have an official, it is better that we have the highest official under the Crown.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): What do you mean by the highest official? The Viceroy?

THE HONOURABLE MR. P. C. DESIKA CHARI: Yes, the Governor General. The Governor General is the repository of the residuary powers under the Government of India Act. Sir, there are certain powers which are being exercised by the Legislature, which under the Act can as well be exercised by the Governor General and which powers are actually being exercised fairly often by the Governor General himself. In such cases the Executive who are represented by officials here have got a chance to modify the views of the Governor General in a larger degree than other Members of the Council who have got their own points of view to put forward. Here no doubt the Governor General goes through all the proceedings of the Legislature, but there is a great advantage, as my Honourable friend Sir Sankaran Nair put it, in the Viceroy being present and being personally impressed with the views expressed by the elected representatives, so that the official element, the Executive Council, which shapes in a large degree the views of the Viceroy may not have an unfair advantage—unfair I would say, because in all cases the Executive Council have got a big hand in the situation and have opportunities of meeting the Viceroy and conveying to him their own viewpoints more often than the non-officials have with whose viewpoint the Executive Council may not be quite sympathetic. It naturally follows that the elected representatives are at a very great disadvantage

[Mr. P. C. Desika Chari.]

and the object of the Act I would say has been greatly frustrated by the Governor General not being personally present to hear the non-official view. With these words I commend my amendment to the acceptance of the House.

THE HONOURABLE THE PRESIDENT: Amendment moved:

"That for the original Resolution the following be substituted, namely:

'This Council recommends to the Governor General in Council that in future the Governor General shall appoint one of the elected non-official Members President of the Council of State'."

I would ask Honourable Members to confine themselves strictly to that amendment until it has been disposed of one way or the other.

THE HONOURABLE SIR ALEXANDER MUDDIMAN (Home Member): If I understood your ruling correctly, it is that we are dealing at the present moment merely with the amendment before the House and not with the main Resolution and that I shall have, if necessary, an opportunity of dealing with the main Resolution. If that is so, I do not think I need detain the House for more than a few minutes.

The amendment moved by my Honourable friend is in effect an attempt to limit the existing statutory power of the Governor General to select any Member of this Council to be President. The Act, as it now stands, by sub-section (2) of section 63A. provides:

"The Governor General shall have power to appoint, from among the members of the Council of State, a president and other persons to preside in such circumstances as he may direct."

Therefore, under the law as it stands there is nothing, should the Governor General so desire, to prevent him from nominating any Member of the Council of State, official, or non-official, nominated or elected, to be President of the Council of State. The choice is left to him entirely and I do not know how my Honourable friend proposes to give effect to the limitation which he suggests. Is he going to amend the Government of India Act to take away from the Governor General his present power of selection, or does he propose by his amendment to give instructions to that authority as to the manner in which he is to exercise the statutory power given to him? It seems to me that if you accept the view that the Act as it stands provides a suitable method of finding a President for this House, then my Honourable friend is making no improvement at all by the method which he suggests. I perhaps am not unaware of the various virtues of elected and non-elected Members. I have been connected with the Central Legislature for something like 16 years, and during that period I have known many non-official, many official, many nominated, many elected Members. I have not been able yet to discover that the process by which they arrive in this House can be regarded as a clear indication of their merits to preside. If one is convinced that election would give some particular sanctity, would put a mark of special suitability, then indeed election would be a much happier method of finding presidents for an assembly than it is in my judgment. There is no reason to suppose that a nominated non-official is less likely from his nomination to be an efficient President than there is to suppose that an elected non-official merely by virtue of that very fact will become more suitable for the post. In these circumstances, I have no

hesitation whatever in advising the House to reject at any rate the particular amendment which has been moved by my Honourable friend.

THE HONOURABLE SIR ARTHUR FROMM (Bombay Chamber of Commerce): I, in common with most Members of this House, have listened to many speeches from my Honourable friend, Mr. Chari. But I do not think I have listened to any speech from him which has been less convincing. The opinion I formed was that his heart was not in his amendment. He has brought forward no argument in support of it which would carry any weight with the House. Now, what is the position? Since this Honourable Council of State was constituted we have had three Presidents. The Home Member had the honour of presiding over our business for something like three years. He was succeeded by Sir Montagu Butler and the latter was in turn succeeded by yourself, Sir. The Honourable Mr. Chari was very careful to say that he found no fault with any of those Presidents. What is the conclusion? He finds no fault. Why then alter the present system? I could understand an amendment coming forward or a Resolution of this nature being brought forward before the House if there were some faults found in any of the Presidents we have had. The question of impartiality has been discussed. Does the House think that we would necessarily get greater impartiality from a President elected from the Members of this House than that which has always been shown to us here from the Chair? I can see no use at all in this amendment and I oppose it most heartily.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (North-West Frontier Province: Nominated Non-Official): Sir, if I may be permitted, I should like to oppose the Resolution with all its amendments. But if you wish me to talk on the amendment then I will talk on the amendment.

THE HONOURABLE THE PRESIDENT: Yes.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN: In the first place, the terms of the Government of India Act imposing the power of veto in His Excellency the Governor General is very much against the measure thus proposed, for it is in his capacity of Viceroy and Governor General of India that he can certify or cancel a business carried through this House—I do not think that as President he will be in a position to exercise this power of veto quite well. As President of this House he will have to abide by the decision arrived at by the Council and it will be very awkward that an exalted personage armed with the power of veto should become the President of the Council of State. I am afraid that the powers of the President of the Council of State will collide with those of His Excellency the Governor General.

THE HONOURABLE THE PRESIDENT: Will the Honourable Member please come to the amendment before the House?

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN: The other day some Members were proposing that they should be permitted to make speeches in the vernacular. If the Viceroy is to be the President. . . .

THE HONOURABLE THE PRESIDENT: Order, order. The question before the House is not whether His Excellency the Viceroy should be President or not. The question is whether we should have a President here selected in the manner described by the Honourable Mr. Desika Chari's amendment.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN: I do not understand why the Honourable Mr. Chari should restrict his amendment—that it should only be confined to elected Members. There are many nominated Members here, and generally the nominated Members of this Council discharge their duties much better than some of the elected Members. Some of the elected Members during the whole of their tenure of membership in this Council never make any speech. So I do not see why the choice should be restricted to the elected Members. His Excellency is here representing His Majesty the King Emperor and his power should not be restricted. He should be given free scope to select anybody who seems the fittest person to His Excellency for the discharge of those duties. I do not know why an official who has served for nearly 20 or 25 years should not be in a better position to discharge his duty than an elected Member. Some elected Members at any rate here will not be able to understand the vernacular of some Members here. A member of the Civil Service is generally supposed to know more Urdu than Mr. Ramadas Pantulu or Mr. Chari can understand. I do not see any reason why a nominated man should not become the President. After all an official knows the people and understands them better than an elected Member from Bengal or Madras. It seems to be very peculiar that Sir Sankaran Nair should say that a junior member of the I. C. S. should not be appointed as President. There might be some junior members of the I. C. S. who are very brilliant and shining. Why should they not be appointed? I do not think any Member of this Council can dictate to His Excellency the Viceroy that so and so should be selected. I do not see why His Excellency should not be permitted to make his own selection. With these words I oppose the amendment. I will talk on the Resolution if I get a chance.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab : Nominated Non-Official): I have got one point to make. It is known to all that the Reforms are in a transitory stage. That can be seen from the fact that to elect a Member to the other House there is a particular franchise. It is still higher for this House. There are lakhs and lakhs of people who have not yet been given the franchise at all and Government by getting suitable nominated Members look after that portion of the population. Now the question is who will represent the masses? Government have their own officials who have served in the rural parts of the country who know more about the masses. Everybody objects to the Government because the Government is a bureaucracy and it is said they run the country as they like. Now these officials work among the masses and they represent their views. I do not think that an oligarchy—just as the so-called intelligentsia objects to the present bureaucracy—of the selected few should run the masses to which they will strongly object and I therefore object to this amendment which only seeks to favour a small class.

THE HONOURABLE RAJA NAWAB ALI KHAN (United Provinces : Nominated Non-Official): The amendment of my Honourable friend Mr. Chari has neither the virtue of introducing the elective principle nor has it the merit of allowing the Governor General a free choice of a President of the House. I oppose the amendment because it seeks to restrict the sphere from which our President should be chosen to the elected Members of this House only. Such a restriction does not exist in the case of the Legislative Assembly. Why should it be allowed in this House?

THE HONOURABLE THE PRESIDENT: The question is:

“That for the original Resolution the following be substituted, namely:

‘This Council recommends to the Governor General in Council that in future the Governor General shall appoint one of the elected Non-Official Members President of the Council of State.’”

The motion was negatived.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muham-
1 P. M. madan): Sir, I beg to move:

“That for the words ‘make the Governor General the President of the Council of State’ the words ‘provide for the President of the Council of State being a Member of the Council elected by the Council and approved by the Governor General’ be substituted in the original Resolution.”

Sir, I do not like the idea of submitting myself to a flank attack by the Honourable the Home Member: I would prefer a frontal attack by him, and therefore I put forward a proposition which completely replaces the present system of nomination by one of election and I seek to have the decision of this House in a straightforward manner upon the question of election *versus* nomination. In speaking on this amendment, I should say that the question of the partiality or impartiality of a nominated President is altogether irrelevant. I must confess to a sense of disappointment in listening to my friend Sir Arthur Froom’s short speech, in which he based the entire argument against a change in the existing system upon the past history or the credentials of the nominated Presidents.

THE HONOURABLE SIR ARTHUR FROM: The question of partiality was brought in by the original Mover.

THE HONOURABLE MR. V. RAMADAS PANTULU: If that is so, he was equally irrelevant. My friend might have said that Sir Frederick Whyte who presided over the Assembly with distinction for four years was an impartial and able and conscientious President. I would gladly agree to that sentiment. Nevertheless, he was replaced by virtue of a statutory provision by an elected President of the Legislative Assembly. If my friend’s argument about impartiality prevailed there was absolutely no reason for replacing Sir Frederick Whyte by the Honourable Mr. Patel. Therefore, that does not convince me. I make no secret, Sir, of my intention in moving this amendment. My intention is from now to make certain efforts to improve the constitution of this House. Opportunity has been afforded to me by the Resolution tabled by Sir Sankaran Nair and I have taken it by seeking for one small reform which certainly goes to improve its constitution considerably. The Second Chamber, I take, has come to stay. There are no doubt two notions with regard to Second Chambers. One set of constitutional experts say that the Second Chamber is absolutely unnecessary. You remember that famous dictum that—what will a Second Chamber be able to do? If it agrees with the popular Chamber it is superfluous; if it disagrees, it is mischievous. Therefore, in neither case is it necessary. It reminds me in its turn of a famous dictum of an English professor with whom I began my legal studies, who greeted his class cordially with: “Well, gentlemen, if you have come to study law, I will tell you that, if law is common sense, you need not study it; and if it is not common sense, you ought not to study it.” Fortunately, we have got over that stage. The second view is that the function of a Second Chamber is to curb the ultra-democratic tendencies of the

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popular Chamber, to prevent hasty and precipitate legislation by the popular Chamber. That is the second view. That also has been found to be an exploded theory. Second Chambers everywhere are now installed not to put a strain upon the work of the popular Chambers but really to secure the proper expression of popular opinion by a system of bi-cameral deliberation. The idea of the Second Chamber is to see that popular opinion of the proper kind is expressed through the Legislature composed of two Chambers. In the Western countries, it has become increasingly clear, Sir, that owing to the very limited character of the mandates that the popular representatives take from their electorate when they go to the Councils (these mandates are exhausted very soon after they enter the Legislature) the length of the period for which they sit in the popular Chamber and the party system that exists (it is now recognised that the Cabinets control the Assembly) that the popular will is not properly expressed through the representative House. Therefore, the desire to have another Chamber which helps the expression of popular opinion as a supplementary body to the First House is becoming a more accepted theory. In this view, Sir, all lovers of advance in this country are anxious to secure further advance in the constitution of this House. When the time comes we are going to ask for a fully elected Second Chamber. In the meantime, Sir, I cannot let this opportunity slip of asking for an elected President, and therefore my grounds are entirely of a constitutional character and not based upon any personal considerations. It is stated that your predecessors and you have been very eminent Presidents. I am not disposed to deny that: it is not my business to deny it. My grounds are entirely constitutional, as I said. Now, in the Second Chambers elsewhere we find, except in the old Canadian constitution, the Presidents are elected. In South Africa they are elected; in the Australian Commonwealth they are elected; of course, not in Canada, where we all know the whole body of its Senators is nominated by the Governor General, including the President. But those of us who know anything about constitutions will remember that nomination by the Governor General is merely a euphemism for nomination by the party in power. The Premier of the party in power exercises the right of making nominations, and some of you at any rate must have read that humorous saying of Sir Wilfred Laurier, a famous ex-Premier of Canada, who was responsible for nominating as many as 8 members of his party to the Canadian Senate. He said—these are his very words:

“The result has been to produce a Chamber where a body of elder politicians enjoy a pension for the remainder of their lives at public expense in return for faithful party services.”

Therefore, that is what happens in Canada. Therefore, Sir, election of Presidents is the most recognised practice in the modern Second Chambers. So the desire to elect our own President is not one to which any exception can be taken. My amendment has this virtue, namely, that I do not seek to restrict the choice of this House either to the elected representatives or to nominated representatives or to the officials. The election is thrown open to every section of this House and a person who commands the confidence of this House will be elected, be he official or nominated, non-official or elected non-official. I agree that, with either a system of nomination or election the scope for choice ought not to be restricted. Be it by the Governor General or by this House. Whoever has the choice in the matter must have unrestricted choice. Therefore, I am asking this

House to do what the Assembly is at present able to do. Under section 63-A of the Government of India Act, the present position is that:

"The Governor General shall have power to appoint, from among the members of the Council of State, a president and other persons to preside in such circumstances as he may direct."

I cannot conceal my feeling that this provision is being only adhered to in letter and I think the present practice is against the spirit of it. I do not think it was intended that in practice the Governor General should first of all nominate a permanent official as a Member of this House with the ultimate view of making him President of the Council and finally nominating him also as President. It is against the spirit, I take it, of the section though it is not opposed to the letter of it. It is a fraud upon the section as I believe that it was never intended that a permanent official of the Civil Service should be nominated as a Member of this Council with a view ultimately of making him President and afterwards appointing him as the President. With regard to the Assembly, section 63-C uses the very words which I wish to import into this amendment:

"and shall thereafter be a member of the Assembly, elected by the Assembly and approved by the Governor General."

Sir, if the Assembly can be trusted to select a proper President by means of election, is there anything against this House being trusted with electing a President who will conduct the proceedings of this House impartially? There is a much larger number of elected Members there—popular representatives—and they have been given the power to elect a President who will control the proceedings of that House in which the Government are very vitally interested, because, after all, it is the Assembly that counts in all matters of finance and other important concerns. All the battles of the Honourable the Home Member are fought on the floor of that House. He rarely fights a battle here. He gets either smooth sailing or very cordial reception here. And when he is able to fight his battles in that House where every day he has got to depend upon the rulings and upon the good sense of an elected President, elected essentially by popular vote, what difficulty would he experience in a House like this which consists of elderly and sober statesmen, to use the words of the Montagu-Chelmsford Report, who can be trusted, who have always stood by the Government and behind the Government in times of need and who have never given any room for alarm to the Home Member or any official Member of this House? Why should you not trust this House with election? Do you think that we are less able to make a choice than the Legislative Assembly? Do you think that we are more radical and that we will elect a President who will be more inconvenient to you than the Honourable Mr. Patel or any other gentleman elected by the Assembly? I really want to know what is behind the mind of the Honourable the Home Member. I would ask him to be frank with us to-day and not raise constitutional theories against me. I hope he will really tell me something on the merits of my amendment. I really want to know what is there in the Government of India Act so sacred that it should not be amended? You can wait till after the Royal Commission comes. We are in the middle of a Session. We are not rushing to Parliament immediately with a request to amend section 63. The legitimate result of accepting my amendment will be to put this proposal before the Royal Commission when it comes out and to take steps to have that section amended after 10 years' experience of

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the working of the Council. We have been sufficiently loyal to you, sufficiently obedient, sufficiently respectful, sufficiently reliable that we hope to be trusted with this small modicum of reforms. I will ask the Members of this House to rise to a full sense of their responsibility in shaping the constitution of this House, to a full sense of their dignity and independence, to a full sense of their duty to establish for this House a proper place in the constitution of the country. With these words, Sir, I propose my amendment.

THE HONOURABLE THE PRESIDENT: Amendment moved:

“That in the original Resolution, for the words ‘make the Governor General the President of the Council of State’ the words ‘provide for the President of the Council of State being a member of the Council, elected by the Council and approved by the Governor General’ be substituted.”

Again I would ask the House to confine itself to the amendment.

THE HONOURABLE SIR ALEXANDER MUDDIMAN: Sir, one can get no better proof of the mollifying effect of the Council of State upon those who sit in it than by listening to my Honourable friend Mr. Ramadas Pantulu's speech. I find he is now no longer attempting to wreck the constitution but is willing to try to amend it. It is to me a great satisfaction that we have reached that position. By that means he undoubtedly will forward the best interests of his country, if not the best interests of his party. He has also, if he will permit me to say so, made a very interesting speech. But in it I myself see some slight confusion of ideas. The question before the House is the question of the presiding officer. Now, if there is one duty which it is clear the President of a deliberative Assembly should not perform it is the duty of expressing public opinion. Why it should be thought that the appointment of an elected President will in any way influence or give greater scope for the expression of public opinion I fail to grasp. A President who took upon himself to express public opinion would, in my judgment, very soon cease to be a President whom this House would regard with any great satisfaction. If I were to describe the functions of a President—and I think the House generally would agree with me—I would say they are more judicial than executive. Now, one has to recollect that those who framed the Government of India Act probably were quite deliberate in making some difference between the two Chambers. We know they were in regard to the franchise; we know they were as regards the composition of the two bodies, and with regard to this matter of the election of the President, they decided to insert a definite statutory provision providing for his nomination. Now, I see—and apparently my Honourable friend Mr. Ramadas Pantulu also sees—a certain amount of danger in second Chambers. One of the dangers of second Chambers is that the first Chamber and the second Chamber may be so alike as not to be distinguishable in their operation. That is, you come down to two Chambers which do not differ in any considerable degree. One of the differences that the Act does impose is in this matter of the President. It may interest the House to know that in the Mother of Parliaments this distinction also exists. The Speaker of the House of Commons is no doubt elected, but the Speaker of the House of Lords is not elected. He is the Lord Chancellor, or in the case of a vacancy, the Crown can appoint and generally does appoint a high judicial

officer to preside in the House of Lords. Now, it is not even necessary that the Speaker of the House of Lords should be a Member of the Chamber. There are many instances of Lord Chancellors who have presided in the House of Lords without being Peers. I think it is a matter of historical interest, moreover, that it is a fact that the Woolsack on which the Lord Chancellor sits is not actually within the precincts of the House at all. There is nothing remarkable or peculiar in the fact that the second Chamber should be presided over by an appointed President. I do not suppose any Honourable Peer sitting in the House of Lords feels that that is any reflection on the way in which he would exercise the right of election, because, as a matter of fact, the Chancellor is appointed by the Crown. Nor is it any reflection on the capacity of this House that the same difference should exist in regard to this House. I have not the slightest doubt that if the power of election had been given to this House it would have been exercised with the discrimination which marks the decisions of this House. As I say, it is not an unusual feature of the constitution that the Presidents in the different Chambers should be appointed in different ways. My Honourable friend referred to the precedent of Canada. He said that that was an old precedent and in practice did not exist anywhere else in the British Empire. He was there slightly in error. He referred to the fact that in the constitution of South Africa the President of the second Chamber is an elected President. There are also instances in other Colonial constitutions where the President of the second Chamber is appointed by the Government. Both in the Colony of New South Wales and the Colony of Queensland the President of the Upper House is appointed by the Governor by Instrument under the public seal, although the Speaker of the Lower Chamber is, as in this country, an elected President.

I must make one other observation on my Honourable friend's speech. He seemed to take the line, the line I have quite often heard, that Members of these Legislatures sit in these Chambers by different warrants, that they are distinguished by the manner in which they are appointed . . .

THE HONOURABLE MR. V. RAMADAS PANTULU: No. I did not make it. I in fact said that such a distinction made by Mr. Chari was not correct.

THE HONOURABLE SIR ALEXANDER MUDDIMAN: The Honourable Member does not fully grasp my point. The point I am on is, if I understood him rightly, he said that the appointment of a nominated President was a fraud on the law, that it might be within the letter of the law but it was not within the spirit of the law. That is the argument which I am now about to destroy. The question is often raised not only in this House but in others places and arguments are put forward which seem to show that there is a delusion abroad that there is a distinction between the various Members of these Legislatures, that there is some particular sanctity attaching to election or nomination, as the case may be. Now, it is well that the House should have its mind quite clear on this subject. We all sit here by one decree and one decree only. We sit here in virtue of an Act of Parliament. You are elected in virtue of an Act of Parliament. We are nominated in virtue of an Act of Parliament. You may say you do not like the constitution and that you would like to change it, but there is no doubt of the fact that the powers and duties

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of Members here, by whatever source they come, are the same and identical. And to suggest that the Government of India Act deliberately contemplated the non-appointment of a nominated Member is not in accordance with facts or with the history of the Act, and such an appointment is well within both the letter and the spirit of the Act.

I think I have said enough to show that, although I have no doubt that this debate will attract the attention of the Statutory Commission when they come to deal with the various constitutional questions which will come before them, I doubt that it is a point of sufficient importance to attract great attention, but that it will attract some attention, I have no doubt. I have no doubt also that before the Statutory Commission comes there will be no question of amending the Government of India Act in the way the Honourable Member suggests, and I think I have shown that in my judgment there is no particular reason why it should be done. There are precedents one way or the other. The matter would be one for consideration but not more than that, and the suggestion that it is in any way derogatory to this House or the constitution of this House that they should not have power to elect their President is one which I think I have satisfactorily disposed of. In the circumstances of the case I oppose my Honourable friend's amendment.

THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI (East Bengal: Non-Muhammadian): Sir, I rise to support the amendment of my Honourable friend Mr. Pantulu. The Council of State is looked upon by the public and was even originally intended to act as a body set up for the purpose of checking and controlling the more democratic Chamber of the Indian Legislature on behalf of the Government. There is a movement almost in every country to do away with the second Chamber wherever that body exists. There is such a movement even in England and although the House of Lords has not yet been abolished its powers have now been greatly curtailed, so that if the House of Commons passes any law three times, it *ipso facto* becomes law. Instead of bringing the Council of State into line with the House of Lords in this respect we should not so alter the constitution as to make this body still more retrograde. I am also opposed to the Viceroy being the head of this body on constitutional grounds. With the grant of reforms the position of the Viceroy has to be more or less assimilated to that of a constitutional sovereign above all party politics. He should not therefore take part in the active administration of the legislative bodies. On the contrary, the President of this House should be one elected by this House to make his position similar to that of the President of the Assembly. It will add to the dignity and independence of the Chair more than if he is selected by the Government, and make him more popular, not only to this House, but to the outside public as well. The Honourable the Home Member referred to the Lord Chancellor presiding over the House of Lords. The Lord Chancellor no doubt is an officer of the Crown legally speaking, but the occupant of the post changes with the ministry and cannot be strictly held to be a permanent officer of the Crown. Moreover, the House of Lords also performs some judicial functions. It is the highest Court of Appeal in England and the Lord Chancellor who controls the judicial system is directed to preside over the House for that reason.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan). Sir, I had no intention to intervene in this debate by inflicting a lengthy speech but I feel called upon to speak a few words on the amendment of my Honourable friend, Mr. Ramadas Pantulu. He wants us to take a sudden high jump from nomination to election. My Honourable friend, Mr. Ramadas Pantulu's proposal is excellent as an ideal, but if we bear in mind the character and qualifications imposed on the composition of this House, my Honourable friend will immediately realise that his very object would be defeated. It is barely six years since we were constituted into a legislative body to exercise a great responsibility, which is far greater as a revising body than that of the Assembly itself. The House has built up a reputation for sobriety, moderation and statesmanship, and I am inclined to think that some time more should elapse and some more experience should be gathered by us—I mean no disparagement to my Honourable colleagues here,—before we can safely embark on the principle of election for Presidentship. It will be obvious to my Honourable friend that the analogy of the Assembly cannot hold good in the case of this House especially in view of its present composition in accordance with the Government of India Act. I feel convinced, Sir, that the proposal of the Honourable Mr. Ramadas Pantulu is premature and therefore I oppose the amendment. Sir, can I speak on the Resolution?

THE HONOURABLE THE PRESIDENT: Not at present.

THE HONOURABLE THE PRESIDENT: The original question was:

“ That the following Resolution be adopted :

‘ This Council recommends to the Governor General in Council that early steps should be taken to amend section 63-A of the Government of India Act, so as to make the Governor General the President of the Council of State ’.”

Since which an amendment has been moved :

“ That for the words ‘ make the Governor General the President of the Council of State ’ the words ‘ provide for the President of the Council of State being a member of the Council, elected by the Council and approved by the Governor General ’ be substituted.”

The question I have to put is that in the original Resolution those words be substituted.

The Council divided:

AYES—10.

Alay Nabi, The Honourable Saiyid.

Govind Das, The Honourable Seth.

Mahendra Prasad, The Honourable Mr.

Manmohandas Ramji, The Honourable Mr.

Ramadas Pantulu, The Honourable Mr. V.

Rama Rau, The Honourable Rao Sahib Dr. U.

Roy Choudhuri, The Honourable Mr. Kumar Sankar.

Sett, The Honourable Rai Bahadur Nalininath.

Sinha, The Honourable Mr. Anugraha Narayan.

Zubair, The Honourable Shah Muhammad.

NOES—32.

Akbar Khan, The Honourable Major Nawab Mahomed.
 Bell, The Honourable Sir John.
 Brayne, The Honourable Mr. A. F. L.
 Charanjit Singh, The Honourable Sardar.
 Commander-in-Chief, His Excellency the.
 Corbett, The Honourable Mr. G. L.
 Dadabhoy, The Honourable Sir Maneckji.
 Das, The Honourable Mr. S. R.
 Desika Chari, The Honourable Mr. P. C.
 Evans, The Honourable Mr. F. B.
 Forest, The Honourable Mr. H. T. S.
 From, The Honourable Sir Arthur.
 Golam Mustafa Chaudhury, The Honourable Maulvi.
 Gray, The Honourable Mr. W. A.
 Habibullah, The Honourable Khan Bahadur Sir Muhammad, Sahib Bahadur.
 Haig, The Honourable Mr. H. G.
 McWatters, The Honourable Mr. A. C.

Mehr Shah, The Honourable Nawab Sahibzada Saiyad Mohamad.
 Misra, The Honourable Pandit Shyam Bihari.
 Muhammad Ali Muhammad Khan, The Honourable Maharaja Sir of Mahmudabad.
 Muhammad Hussain, The Honourable Mian Ali Baksh.
 Nawab Ali Khan, The Honourable Raja.
 Rainy, The Honourable Sir George.
 Ram Saran Das, The Honourable Rai Bahadur Lala.
 Sams, The Honourable Mr. H. A.
 Stow, The Honourable Mr. A. M.
 Suhrawardy, The Honourable Mr. M.
 Symons, The Honourable Major-General T. H.
 Tek Chand, The Honourable Diwan.
 Thomas, The Honourable Mr. G. A.
 Thompson, The Honourable Sir John Perronet.
 Umar Hayat Khan, The Honourable Colonel Nawab Sir.

The motion was negatived.

The Council then adjourned for Lunch till Twenty Minutes to Three of the Clock.

The Council re-assembled after Lunch at Twenty Minutes to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE THE PRESIDENT: The Council will now resume discussion of the Honourable Sir Sankaran Nair's Resolution.

THE HONOURABLE MR. V. RAMADAS PANTULU: Sir, on the main Resolution I would like to say just a very few words. The Honourable Sir Sankaran Nair has told the House that the Governor General will be an improvement over a nominated official. I beg to differ from him entirely. The ideal for which we are working is to separate the executive from the judicial and the legislative functions of the Government. These three are the primary functions in a civilised government and the ideal towards which every civilised government is working is to dissociate these three functions as far as possible. My objection really to an official or one of the permanent Civil Services to preside over the Council is that it will combine the Executive with the Legislature in a very indissoluble and improper manner and I think my objection will be a hundredfold stronger to the head of the Executive himself presiding over the Legislature. That will be making the Legislature accept a policy which is directly in contravention of the policy towards which all civilised nations are working in their constitutions. The Governor General as the head of the Executive should be the last person to preside over us. The proposal was there in the Montagu-Chelmsford Report, that the Governor General should preside over the Council of State. The matter was considered by the Joint Parliamentary Committee. The proposal was given up

and very wisely given up, and I find from a perusal of the proceedings that my Honourable friend Sir Sankaran Nair was himself against the proposal at that time. He did not want the Governor General to preside. It will be more difficult, I think, for this House to give full and frank expression to its ideas and to manage its business in an atmosphere of freedom when the Governor General presides than when a member of the permanent Civil Service presides. I will not go into the details of the arguments of Sir Sankaran Nair, but I will at once say that I do not agree with any one of them because they are most unconvincing. And I think the wisdom of the framers of the Government of India Act and of those who gave evidence against the idea of the Governor General presiding over the Council ought really to guide us now in this proposal. We have really progressed in the right direction. The Governor General has got very many functions to perform and his dual position in the Legislature both as a part as well as its head will be a very anomalous one. He will be the person who will have to assent to or veto enactments passed by this Council. When this Council passes a particular measure and if in his capacity as Governor General he has got either to veto it or assent to it, he will be finding himself in a very difficult situation to upset the decision of the very Chamber over which he presided. It will be a farce for any President to veto a measure which is passed by a large majority of the Members of the House over which he presides. It is a most unnatural thing and I think no wise Governor General will ever accept such a position, of being placed in the position of a judge of measures and other enactments passed by the Chamber of which he is a Member and President. Therefore, either from the point of view of the Governor General or from the point of view of the freedom of this House or from the point of view of the progressive nature of the constitutions elsewhere, it is most undesirable to associate the head of the Executive with the Legislature in the manner proposed. For these reasons, Sir, I strongly oppose the Resolution.

THE HONOURABLE SIR SANKARAN NAIR: Well, Sir, the only reply to my Resolution, or rather to my speech, has been that of my friend, the Honourable Mr. Ramadas Pantulu, and his contention reduces itself to this, that we are all now attempting to separate the executive from the judiciary and rather than have the head of the Executive he would prefer a subordinate in the Executive Department, because I suppose he means he will be more amenable to the control of the Council. The argument is, on the face of it, fallacious from beginning to end. The words which Sir Alexander Muddiman used in speaking against the amendment support me to the full extent. The words that he used were "the functions of the President of the Council are more judicial than executive". Now, we know the difference between a man being really impartial in his decisions and a man being above the suspicion of partiality. The cases are quite distinct. We know that the lower you go, the greater is the imputation of partiality; the higher you go, the less the imputation. From the Himalayas to Cape Comorin, we are now seeking to separate the judiciary from the executive. We do not charge the officers, the district judges and others who are drawn from the executive, with actual partiality in the execution of their office, but what we say is that the training which they have received, the associations they have with the executive place them in such a position that they

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are not above the suspicion of partiality, unconscious it may be. That is now the case. People generally—Indians generally—are agreed upon it that we want that separation on that ground, not because they are actually partial, but because there is a suspicion of partiality. The lower the grade of the officer, the greater the liability to suspicion. In the High Court there are Civilian Judges: the evil scarcely exists. In the district courts, there are district judges: there is a greater suspicion there. Go further down, to the case of deputy magistrates, head assistant collectors, and so on: it is greater. That is the reason of it. The higher you go, the less the suspicion. That is the reason why if you are to have an executive officer at the head of this Council, it is far better to have the Viceroy himself who is also charged with the duty of the progressive development of popular institutions. That duty he cannot forget, though others may; and I submit, therefore, to you, Sir, and to the House, that is a complete answer to my Honourable friend. Then he trotted out various bogeys. He said: how is he, after presiding here, to veto the motion. My friend is entirely new to this Council and that is why he makes all these observations. Ever since the inauguration of these Legislative Councils the Governor General has been the President. He has been carrying out all these duties; he has been performing all the functions which my friend says he will find it difficult to perform. Sir, I have nothing more to say.

THE HONOURABLE THE PRESIDENT: The question is:

"That the following Resolution be adopted:

'This Council recommends to the Governor General in Council that early steps should be taken to amend section 63-A of the Government of India Act, so as to make the Governor General the President of the Council of State.'

The motion was negatived.

RESOLUTION *RE* ASSIGNMENT OF A SUITABLE PLACE IN THE WARRANT OF PRECEDENCE TO MEMBERS OF THE COUNCIL OF STATE, OF THE LEGISLATIVE ASSEMBLY AND OF PROVINCIAL LEGISLATIVE COUNCILS.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to move the Resolution which stands in my name:

"This Council recommends to the Governor General in Council to take such steps as may be necessary to secure the assignment of a suitable place in the Warrant of Precedence to Members of this Council, of the Legislative Assembly and of Provincial Legislative Councils."

Sir, I have tried to study the history of the Warrant of Precedence in India and I find that the first order was fixed in 1814. The next table of precedence was prescribed in January 1855 and the 22nd place in it was assigned to the members of Legislative Council of India, all of whom were officials in those days. The Indian Councils Act of 1861 for the first time made provision for the appointment of non-officials also as members of the Legislative Council, and in July 1862, a revised Warrant was published assigning the 30th place to "members appointed

to the Council of the Governor General of India for the purpose of making laws and regulations according to priority of appointment except in the case of members who may on other grounds be entitled to special precedence." The latter class evidently comprised the higher officials, and the 30th place was therefore perhaps intended for the particular benefit of the non-official Members. In 1877, the Warrant was again revised and provision separately made in it for Additional Members of the Councils of the Governor General as also of Provincial Councils. Thus the 18th place was given to the Additional Members of the Governor General's Council, the 22nd to the Additional Members of the Councils of Madras and Bombay and the 24th place to the Members of the Bengal Council. The next revised Warrant was issued in 1899 giving the 19th place to Additional Members of the Governor General's Council and the 27th to the Members of the Councils of Provincial Governors and Lieutenant Governors. This Warrant was further amended in 1913, assigning the 40th place to members of the Legislative Councils of Chief Commissioners. The Warrant thus amended was in force till the 17th of August 1922, when the non-official Members of all Legislatures were altogether omitted from the Warrant of Precedence.

Thus it will be seen that the recognition that had been made of the position of non-officials of Legislatures ever since 1862 continued for 60 years. From the earliest time when non-officials were first admitted as members of the Legislatures and throughout the various changes introduced from time to time in the constitution and functions of the Legislative Councils, the non-official members were entitled to a definite place in the Order of Precedence. This position was maintained for over a year and a half even in the case of members of the present Reformed Legislatures only to be withdrawn without any reference to them. From certain interpellations in this House and in the other place, Government must have realized that the withdrawal of this privilege has not met with the entire approval of non-official Members. This matter came up for consideration also in the committee appointed to enquire into the privileges and status of members of this House. And it is significant that no less a person than my friend the Honourable Mr. Ramadas Pantulu, the leader of a democratic party, made a proposal in that committee that members of both the Houses of the Central Legislature should be given a definite position in the Warrant of Precedence. The Committee thereupon unanimously decided to place on record their opinion that, owing to absence of a place in the Warrant of Precedence for Members of the Legislature, they do not always receive on public official occasions the recognition to which their position entitles them. The Committee however by a majority declined to make any recommendation for the assignment of a place in the Warrant to members of this House, as they understood that the Warrant was designed to regulate the procedure solely of officials amongst themselves. The official view of the matter as expressed by the Honourable Mr. Crerar in this House to my question No. 98 on the 23rd August last year is also much to the same effect, except that while the Honourable Mr. Crerar said that the Warrant was *primarily* intended to regulate the position of officials, the Privileges Committee understood it to be meant to regulate the position *solely* of officials. That this is not an accurate view is evident from the facts stated by me that non-official Members did undoubtedly enjoy

[Lala Ramsaran Das.]

the privilege for 60 years. The Honourable Mr. Crerar tried to explain it away by observing that inclusion in the Warrant of non-official Members of pre-reform Councils was a relic of the position under which such Members were persons added to the Executive Council when it met for legislative purposes. This explanation certainly does not hold good in the case of Members of provincial Councils in provinces where there were no Executive Councils in pre-reform days. As I have already pointed out, Members of all provincial Legislative Councils had definite places allotted to them in the Warrant. Moreover, the present Warrant allots a specific position to Vice-Chancellors of our Indian Universities who are in most cases non-officials. What I understood from the reply given by the Honourable Mr. Crerar was that in the new Warrant of Precedence all places for non-officials were eliminated. If we study the new Warrant we find that the position, 30th, for Vice-Chancellors of Indian Universities has been retained and that further places have been newly given, 44th, to non-official Presidents of Municipal Corporations in the Presidency-towns and Rangoon within their respective municipal jurisdictions and 58th to Sheriffs within their own charges. Where is then the elimination of non-officials?

Though the majority of the Privileges Committee accepted the official view about the purpose of the Warrant of Precedence, they thought that the attention of Government should be drawn to the necessity of taking steps to secure that Members of the Council should have a recognised position at public functions. The evil of which I complain is admitted by the Committee though they have left the remedy to be determined by Government. It is my intention in this Resolution to draw the pointed attention of Government to this matter and invite them to revert to the practice that obtained for sixty years as the only right course to follow.

Sir, I hope it will not be contended by any Honourable Member that in these days of democracy no one should attach serious importance to a position in the Warrant of Precedence. Analogies of other countries, I submit, will not be a safe guide in these matters when we remember the peculiar conditions in India. People attach greater importance to these things in India than perhaps anywhere else in the world. Government themselves have, in certain matters, tried to keep up the old Indian customs and practices. The periodical Darbars that are held at Delhi, in the provinces, and in the districts and their attendant ceremonies, are peculiar to India and are a relic of the past. Speaking of the Punjab, I can say, that at these functions definite places are reserved for Durbaris, and claims to these comparative distinctions are handed down from sire to son. People in general regard these distinctions as of considerable value. And any lapse from his position at these functions on the part of any one, humiliates him in the eyes of the public. The removal of the Members of Legislatures from their long recognised place in the Warrant of Precedence has given the occasion in many instances for thoughtless action on the part of officials and as a result people have begun to look down upon us as a class of people who have suffered official degradation. I wonder whether the representatives of the people in the various Legislatures are alone to be considered undeserving of any distinctive position at official functions. One may enquire as to why it is that

with the expansion of the constitution the people's representatives possessing enlarged powers are called upon to surrender a privilege that was enjoyed by their predecessors having far less legislative authority. It has always been understood that Government will not allow the dignity and prestige of the Members of the reformed Central Legislature to suffer by comparison with those of the pre-reform councils. I therefore hope and trust that Government will accept this Resolution and secure an assignment of a suitable place in the Warrant of Precedence to Members of the Legislatures.

I am well aware of the fact that the Warrant of Precedence is issued under His Majesty's sign manual, and the question of admitting any class of persons therein is not technically a matter for the Government of India to decide. It is however quite permissible for Government to make recommendations in that matter and take necessary action for the purpose of securing the privilege which our predecessors enjoyed in the old Councils.

As the Resolution affects the dignity and prestige of the Members of the Legislatures I venture to hope that it will have the unanimous support of the House.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab: Nominated Non-Official): I strongly support this Resolution. Not only should this House and especially the non-official members be thankful

3 P.M. to my Honourable friend, but the Government also should be thankful because this discussion at any rate has brought to their notice how much we all feel this privilege having been taken away from us. The legal authorities know that any privilege that one has enjoyed for 60 years even against Government as an adverse possession cannot be altered, and I hope that in this case too the Government will consider the question in that light. It is laid down in the Warrant of Precedence that if any question crops up in this connection the Viceroy has got powers to decide the matter. Here the whole House asks for a privilege and it is for His Excellency to consider the matter. One sees that a particular place has been assigned to the Council of the Secretary of State—it is after No. 9. If one Council is assigned a place, why not another Council and then yet another Council below it, etc.? Government is not only proceeding in the direction of taking away the privileges of this Council, but even any privileges that are given in the Warrant of Precedence to the Knights are disregarded. Knights, I think, are assigned the 31st place in the Warrant of Precedence. When we are in Delhi we are very thankful to the Government here that when we go to the Viceregal Lodge the courtesy of the rank is given us as before and in all the functions here everything is all right.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Question.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: Directly we go nearer home to our own provinces these privileges diminish and when we go to our districts they are practically disregarded altogether. One does service to the Government and to the country and tries to elevate oneself so that people may say that by doing work he has been elevated. I think it is in the interests of Government also that they should do something towards those who do good service to them. It is ruled that if a man holds two positions he should be given the higher of the two. I have seen cases,

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one of them is my own, where I was told, "If you only give up your lower position you will get higher." It is not so laid down in the Warrant of Precedence at all to relinquish one of the positions. On the other hand if a man has got no second position and is not even a provincial Darbari, he will be elevated above another person who holds a lower position. That is anomalous and ridiculous

THE HONOURABLE SIR MANECKJI DADABHOY. We do not understand what you say.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: This is done and I can prove, if you can discuss it with me in private, that what I am saying is right. I wish to say one thing which I hope will not be taken ill. Friends of the Government consider that if they approach the Government, the latter know that the former will not budge from them, they are kicked at, while those who go in right and left for Government are shaken by their hands and considered the best. In this way I think that those who are responsible for this state of affairs are not at all going in the right direction. Those who do not care for Government's honours and Government posts will come to think that it is better to be against Government. Slowly and slowly everything is being taken out of the Government's hands. When they had lots of nominations people looked to them as they could help their friends. We do service to the Government and when we go to them for nominations they say, "Go and beg the country for votes". Things should not have been like this with regard to this Honourable House, for Members should have come here absolutely independent of anything so that they can speak out their minds and say things both to the Government and to the people in an impartial way. If people come from one side they have to look to their constituency, and if they come from the other side they have to look to the Government. I think that the privilege which has been taken away is a great insult and Government should look into it. Also the other question which I have put before the House, i.e., the resigning of a comparatively lower position, is entirely wrong and should be looked into because it has been meted out to some of the Members of the Council of State.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (North West Frontier Province: Nominated Non-Official): After the speech of the Honourable Lala Ram Saran Das and the subsequent speech made by Colonel Nawab Sir Umar Hyat Khan, although I myself am not so ardent and zealous an advocate of a suitable place in the Warrant of Precedence being given to Members of this Council or of the Legislative Assembly and the Provincial Councils, still if some places are assigned to the Honourable Members of this House as were assigned to those of the old Imperial Council I do not think that it will in any way be doing an injustice to any department or any individual. After all the Council of State is supposed to be the highest legislative body in India and if the Honourable Members of this House are assigned the same position in the Warrant of Precedence as was assigned to Members of the late Imperial Council, it will not in any way be unfair to the dignity of this House. Circumstances and especially social status in the East very much differ from those of the West. According to my views the East will have to travel at a very accelerated pace to get to the Western standard of thinking. The time required for the purpose will be a very long one and I do not think that anybody in

India can predict the exact period during which the East can be expected to reach the present way of thinking of the West, leaving aside the progressive and ever-changing ways of the latter. The West is progressing by leaps and bounds, say at a speed of 300 miles an hour and it is quite impossible for the East to compete with it or arrive at that standard of thinking. In my opinion to judge the Eastern by the Western standard will be the greatest fallacy. There is always bound to be some difference between Eastern and Western notions and if the Government of India deem it advisable to take some action on this Resolution I will in no way take objection to it. My reason in differentiating between the Eastern and Western standard of thinking is based on the answer given to the Honourable Lala Ram Saran Das in reply to his question in connection with the Warrant of Precedence on the 23rd August, 1926, in this House. It appears to me from the answer referred to that the abolition of the order of precedence and the assignment of places to the Members of this Council was made to bring the Members of this House into conformity with those of the British Parliament. Sir, to judge the feeling of all the Members of this House by those of the British Parliament does not seem to me justifiable. India must be judged by Eastern ways. We have got our own position in our provinces and I for one am quite satisfied with the position I hold in my own province, but still if something is done and if places are assigned to Members of this House as were assigned to Members of the old Imperial Council, I think it will not be out of place if this request is granted.

THE HONOURABLE SIR ARTHUR FROMM (Bombay Chamber of Commerce): I do not want to say very much about this Resolution except that I was a member of the Committee appointed to inquire into the privileges of this House and it is perfectly correct, as the Honourable Lala Ram Saran Das has said, that my friend on my right did introduce this question of the position of the Members of the Council in the table of precedence. Now, Sir, having said so much I would like with your permission to move an amendment to this Resolution and my amendment will be that all the words after the words "Members of this Council" be deleted. May I continue on that amendment?

THE HONOURABLE THE PRESIDENT: Certainly. It is for the Council itself to object. It is not for the Chair to object.

THE HONOURABLE SIR ARTHUR FROMM: My reason for the amendment is very simple. We do not know what are the feelings of the Legislative Assembly on this question and we do not know what the feelings of the Provincial Legislative Councils are. It is quite possible that the Legislative Assembly do not want a position in the table of precedence. It is quite possible that the Members of the Legislative Councils equally do not want a position in the table of precedence. Therefore I suggest that this Resolution should stop at the words "Members of this Council". I have not very much to say on it. I was in the old Imperial Council before the Reforms and, as the Honourable Lala Ram Saran Das has pointed out, the Members of that Council had a position in the table of precedence. When the Council of State was formed, I think, at the beginning, it had a position in the table of precedence. The Honourable the Home Secretary, Mr. Crerar, at our meeting told me it was not so—perhaps I should not quote him as he is away. I was afterwards told by a higher official that I was correct, that the Council of State did have a position in the table

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of precedence. (*The Honourable Lala Ram Saran Das*: "For a year and a half.") Why it was taken away I do not quite know. If a position in the table of precedence is an attraction to Members of this Council why should it have been canceled. I think that they might rightly regard themselves of as much importance as the Honourable Members of the old Legislative Council in pre-reform days and I think that Government would do well to accept this Resolution as I have amended it.

The Council of State is not always too attractive for this reason—I am not saying anything against the constitution of the Council of State—but when we come up here a lot of time is wasted. We had one meeting last week. It does exhaust our patience, because our time is being wasted owing to the obstructive methods of another place and the refusal to sit on days which are not holidays. (*The Honourable Mr. V. Ramadas Pantulu*: "Question.") I do not want to lay too much stress on that point. What I do say is that we have to exercise a great deal of patience. We feel that we are wasting a good deal of time, not wasting time when we are meeting but wasting time when we are not meeting. The number of days on which we do not meet are greater than those on which we do. It is not of our seeking. Therefore, if an Honourable Member of this Council brings forward a proposition which may make the election to the Council of State rather more attractive than it is otherwise, I do not think that Government should oppose such a Resolution. Sir, I move my amendment.

THE HONOURABLE THE PRESIDENT: Amendment moved:

"That the words 'of the Legislative Assembly and of Provisional Legislative Councils' be omitted."

THE HONOURABLE MR. P. C. DESIKA CHARL (Burma: General): I have not much to say on the original Resolution nor on the amendment, but I rise to say a few words because the Resolution as originally drafted brings in other bodies who may have their own views in the matter as our friend the Honourable Sir Arthur Froom said. I think it is better that we should confine ourselves to the Resolution as it is proposed to be amended because it carries into effect the ideas and underlying objects of the Mover of the Resolution without straying into fields into which we are not entitled to go.

Sir, I do not know what importance attaches to this Warrant of Precedence, but as it is the Warrant of Precedence implies there is a certain amount of prestige attached to people who occupy higher rank than those people who occupy lower rank, and if there are people who are out of it altogether it shows there is a brand of inferiority to those people who are excluded. And the position is aggravated in this case because, as the Honourable Mover has pointed out, this privilege is one which the Members of the previous Imperial Legislative Council enjoyed for over 60 years; and to take away such a privilege—whether it is a great thing or a small thing—amounts to a slur on the highest Council of the State which has taken the place of the old Imperial Legislative Council. Sir, indirectly I believe there is another reason why the Members of the Council of State ought to have a place and a proper place in the Warrant of Precedence. I am told,—I have not gone into the matter myself and I take it for granted—that the Council of State had been enjoying the privilege for some time after it began to function. If that is the case, what is the object in deleting

the Members of the Council of State from that table of precedence? Is it really meant to enhance the prestige of the officials and lower the prestige of the non-official Members of this House? I find that the Act has been so worked as to enhance the prestige of the officials and to reduce or belittle the prestige of the non-official Members of this House in various particulars. It is on this ground and on this ground only that I want the position which the Members of the Council of State were enjoying soon after this House came into existence to be given to them, otherwise the taking away of the privilege will be regarded as more or less an indictment on the non-official Members of this House; and I regard it at least as a slur which the official Members ought-to take the earliest opportunity of removing. With these words, Sir, I heartily support the amendment.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I accept the amendment.

THE HONOURABLE MR. H. G. HAIG (Home Secretary): Sir, I hope I shall be in order if I speak to the amendment and the Resolution at the same time. I need not, I think, assure the Council that Government have not the slightest wish to do anything that would in any way impair their dignity or the respect which is due to them from the country. I think the whole record of Government should be sufficient to refute any such idea and I hope no such suspicion will linger in any Honourable Member's mind. Nor, Sir, should I have supposed it was possible to imagine that this was a question of jealousy between officials and non-officials. The Warrant of Precedence is a document which gives rise to a great deal of criticism and a certain amount of misunderstanding and I think in the course of this discussion this afternoon there has been a certain amount of misunderstanding as to what the Warrant is intended to do. I will read out the first note which is attached to the Warrant. It says:

"The entries, while regulating relative precedence with each other of the persons entered therein, do not give them any precedence over members of the non-official community resident in India, who shall take their place according to usage."

The actual entries in the Warrant are entirely of officials. One Honourable Member certainly did suggest that various non-officials have found their way into the Warrant, but, Sir, I think they found their way in in virtue of their official position. It appears to me that the President of a Municipal Corporation is really occupying position in a way which I understand the Members of the Legislature would not claim to be. I think many Members of the Legislature rather emphasise their non-official position. Well, Sir, that at any rate is what the Warrant is intended to do. It is intended to be a list of officials and it regulates the position of officials *inter se* and it definitely says it gives them no precedence over members of the non-official community who shall take their place according to usage. Well, Sir, I admit that in the old days, the Members of the Central Legislature, before the Reforms, did occupy a place in this Warrant. Reference has already been made to the interesting historical explanation of that fact. It was undoubtedly a relic of the time when the Members of the Viceroy's Legislative Council were regarded as persons added to the Executive Council when it met for legislative purposes. (Several Honourable Members protested.) I did not quite understand what the Honourable Members said. Are they attempting to deny that statement?

THE HONOURABLE SIR ARTHUR FROOM: I was never an official Member of the Viceroy's Legislative Council, Sir.

THE HONOURABLE MR. H. G. HAIG: I said, Sir, that it was an interesting historical survival. I did not say that any Member here present was an official but that in the old days originally that Council was regarded as an addition to the Viceroy's Executive Council and the Members of the Viceroy's Executive Council were described as Ordinary Members and the others were described as Additional Members. I think, Sir, I am right in that contention.

THE HONOURABLE SIR ARTHUR FROOM: That is quite correct.

THE HONOURABLE MR. H. G. HAIG: Of course, we have gone a long way since then. But it was on that account that originally Members of the Central Legislature found a place in the Warrant of Precedence. In 1922, when the Warrant was revised, that appeared to be an anomaly and a decision was taken after careful consideration that the Warrant should be confined to what it was really intended for, namely officials, and that so far as non-officials were concerned their precedence should be left to be determined by usage, with a certain amount of guidance. Well, Sir, that is the position at the present time. This proposal was considered by the Committee appointed to inquire into the privileges and status of Members of the Council of State and it appears to me personally that the conclusion of that Committee, of which I see the Honourable Sir Arthur Froom was a Member (*The Honourable Sir Arthur Froom* "I have already said so.") was a wise conclusion. It says—

"The majority of the Committee were of opinion that they should not make any recommendation as to the assignment of a place in the Warrant to Members of the Council of State as they understand that the Warrant is designed to regulate the precedence of officials among themselves."

That is the point I have been trying to make. They go on to say—

"They think, however that the attention of the Government should be drawn to the necessity of taking steps to secure that Members of the Council of State should have a recognised position at public functions of the nature referred to above."

Well, Sir, that is the object which the Government have been anxious to secure. If in any case the object of Government has been defeated, if in practice the Members of this Council have not been assigned at various functions a reasonable place, I think the Government would be very glad to look into the matter and make further inquiries. I would go further. Though I cannot pretend that I am convinced by the arguments which have been advanced this afternoon, the Government are perfectly prepared to reconsider the whole position in the light of the discussion which has taken place here. I cannot commit the Government as to any decision they may come to after such re-examination of the position, but I hope that my Honourable friend will rest content with this assurance and will not feel it necessary to press his Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I thank my gallant friend the Honourable Colonel Nawab Sir Umar Hayat Khan for his drawing the attention of the House to the fact that there were places of precedence for Members of the Council of the Secretary of State for India some of whom were non-officials. Sir, places of courtesy have been given in the latest Warrant of Precedence, brought up to the 23rd June, 1924, is now before me, and besides the Members of the Council of the Secretary of State, it includes Peers, Knights of the Garter, Privy Counsellors, Members of the Council of the Secretary of State for India.

THE HONOURABLE MR. H. G. HAIG: These are not in the Warrant.

THE HONOURABLE SIR MANECKJI BYRAMJI DADABHOY: They come by courtesy.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I will quote, Sir They were included when the Royal Warrant was amended on the 26th February, 1923. I hope my Honourable friend will put me right if I am wrong. I have given him the official reference.

THE HONOURABLE MR. H. G. HAIG: If the Honourable Member will look at the warrant he will see that this is a note to the Warrant, and it says:

“The following may be given, by courtesy, precedence.”

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: With this it is also stated that Peers, Knights of the Garter, Privy Councillors, Members of the Council of the Secretary of State for India, come immediately after Members of the Governor General's Executive Council, Article 9. So, my Honourable friend Mr. Haig is, I think, incorrect in saying that they have not been given a place in the Warrant of Precedence. The Warrant of Precedence has specified that they are given the 9th place in the order of precedence. And so are the Baronets of England, Knights Grand Cross of the Bath, Knights Grand Commander of the Star of India, Knights Grand Cross of St. Michael and St. George who come immediately after the Commissioner in Sind, Article 15. So, there are a number of other non-officials who are either Knights or who are Knights Bachelors or Knights Commanders of various Orders who are given a specified position in the Warrant of Precedence, though as a matter of courtesy. They form part of the Warrant of Precedence which has been published by the Government of India by their Notification No. 558-I-22-Public, dated the 23rd June 1924, and signed by His Majesty's Command by the Right Hon'ble Sir Edwin S. Montagu. I think, Sir, that this explanation will convince the Honourable the Home Secretary that although they are given positions of courtesy, their usage and courtesy position is distinctly specified. My friend the Honourable Sir Arthur Froome was not quite positive whether the last Council of State during its life enjoyed the position which was enjoyed by the late Imperial Council. Sir, as far as the Government records show, they enjoyed the position till the 17th August 1922. So, for over a year and a half they were given the same position as their ancestors enjoyed. (Laughter.) (*An Honourable Member*: “Predecessors.”) I am sorry—I meant “predecessors”.

Well, Sir, the Honourable the Home Secretary has drawn my attention to paragraph 1 of the Warrant of Precedence under discussion now. In that connection I want to say, Sir, that the usage provision contained in that paragraph is not always followed. I can give instances to the Honourable the Home Secretary in which I can prove that the so-called usage has not always been observed for the Members of the Legislature. I myself was not given a place which I was entitled to as a Member of the Legislature during many official functions in the Punjab and so was the case with many others. In case the Home Secretary wants further information, I can furnish him with dates and further details. Only the other day, Sir, although I had not the pleasure and privilege of attending a recent Investiture ceremony at the Viceregal Lodge here, some of those who attended it told me that even some of the most prominent Members of this House were given back seats at that official function, and

[Lala Ram Saran Das.]

even big dignitaries like the Honourable the Maharajadhiraja of Darbhanga, a G.C.I.E., was also given a back seat. If I am wrong I wish the Home Secretary to correct me. This shows how his paragraph 1 is translated into practice. The Home Secretary's remark that the Order of Precedence is solely meant for the Order of Precedence of officials alone is wrong. May I ask him, Sir, if that was the object of the Government, why places for other persons whom I have already named were added to the Warrant? The Vice-Chancellors of Indian Universities are generally non-officials. They do not compare with the position of the Presidents of Corporations which the Honourable the Home Secretary has just mentioned. They too do not draw any emoluments or any salary and yet their names were added in the Warrant of Precedence. On the other hand, a number of names have been added which shows that the Order of Precedence is not *solely* meant for officials. This was the misunderstanding under which the Privileges Committee did not prominently make this recommendation as they understood that the Order of Precedence was meant *solely* for officials. In case they had known that it was *primarily* for officials I think their recommendation would have been different. The Honourable the Home Secretary has pointed out that our predecessors enjoyed the privilege because they were Additional Members of the Executive Council of the Government concerned. May I ask the Honourable the Home Secretary why and how in provinces where there were Legislative Councils and where there was no Executive Council, a specific position or rank had been given to the members of Legislatures in the Warrant of Precedence? His argument thus does not hold good. In the Punjab, in particular, Sir, we have positions allotted to different Darbaris, some of whom—I should say most of them—enjoy that position on a hereditary basis. These people who have been enjoying that position for over 50 years in the Punjab also feel that the Members of the Legislature, who had a distinctly high position amongst them in the old days, have been altogether kicked out now. This question has been sufficiently debated upon and I request the House to keep up the dignity and position of this House by accepting this Resolution.

THE HONOURABLE MR. H. G. HAIG. I do not propose to detain the House long with reference to the numerous points raised by my Honourable friend in his concluding remarks. I only wish to make a few points clear, particularly one point in which perhaps I made the mistake of interrupting my Honourable friend instead of waiting to explain, when my turn came, exactly what I meant. I am sorry that I put him to the inconvenience of reciting a lot of information which had been really within my knowledge and did not exactly meet the point I was trying to make. My point was really a small one and it is simply this, that the body of the warrant is intended only for officials and that certain notes are added to that Warrant to show that certain non-officials may by courtesy be given rank corresponding to the rank of an official in the Warrant . . .

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Are Vice-Chancellors paid officials?

THE HONOURABLE MR. H. G. HAIG: I take it that they are for this purpose. All the passages that my Honourable friend read out were from the notes to the Warrant and do not affect my argument. I am not quite sure, and I should have been glad to have my Honourable

friend's statement on it, whether he proposes that the Members of the Council of State should be included in the body of the Warrant or that a courtesy place should be assigned to them in the notes.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I want their place in the Warrant of Precedence.

THE HONOURABLE MR. H. G. HAIG: In the Warrant itself? Then that point is clear? (*An Honourable Member.* "As before.")

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Yes, as before.

THE HONOURABLE MR. H. G. HAIG: With regard to my historical statement which seems to have evoked some doubt I assure my Honourable friend that it was not intended as an argument; it was intended to be, and I believe is, a statement of fact. It may be that there was no very good argument for applying that particular analogy to circumstances which arose afterwards, but in origin that was how this procedure started. As I have already said, the Government are fully prepared to examine the whole question further, particularly in view of the feeling which seems to have found considerable expression in the House this afternoon. Government have no wish whatever that Honourable Members should feel themselves in any way slighted and they do not feel prepared to vote against the Resolution about which the House entertains strong views.

THE HONOURABLE THE PRESIDENT: The original question was:

"That the following Resolution be adopted:

'This Council recommends to the Governor General in Council to take such steps as may be necessary to secure the assignment of a suitable place in the Warrant of Precedence to Members of this Council, of the Legislative Assembly, and of Provincial Legislative Councils'."

Since which an amendment has been moved:

"To omit the words 'of the Legislative Assembly and of Provincial Legislative Councils.'"

The question that I have to put is that those words be omitted.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question, then, is that the Resolution, as amended, be adopted.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: Will the Honourable the Leader of the House assist me to decide what date I should fix for the next meeting of the Council?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (Leader of the House): Sir, we shall have no further business to place before the Council until the other Chamber reaches a decision on an important Bill now pending before it. I am not in a position to forecast with any confidence the date on which the debate on the Bill in question will be concluded in another place. But the House will realise that with a view to the avoidance of delay in the conclusion of the business of the Session it is urgently necessary that, in the event of the Assembly passing the Bill, there should be a meeting of the Council

[Sir Muhammad Habibullah.]

for the laying of the Bill on the day following the passing thereof by the Assembly. On the other hand, I should be reluctant to impose on Honourable Members of this Council the inconvenience of attending a meeting which would be wholly infructuous if there were no Bill to be laid. I suggest therefore for your consideration that you might perhaps see fit to adjourn the Council to a day and hour to be announced hereafter and to fix the day of the next meeting by circular as soon as developments elsewhere enable you to decide what the date should be.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Most of the non-officials are business men who cannot afford to wait here indefinitely, and if the Honourable the Leader of the House kindly gives us at least two days' notice, we shall then all be able to attend.

THE HONOURABLE SIR ARTHUR FROMM: I did not quite catch what my Honourable friend, Lala Ram Saran Das, said, but if I may be allowed to say so, I think that the proposal of the Honourable the Leader of the House is the best one that he can put under the most distressing circumstances in which we are stopping here in Delhi. At the same time I think the urgency of laying the Bill when it is passed on the table of this House is very great and I am not quite sure whether circulars, as suggested by the Honourable the Leader of the House, will altogether meet the case. A circular will be necessary, but it could be augmented by a special call on the telephone wires, if it is necessary to meet to-morrow morning or afternoon. In any case a number of Members are in their Houses during the day, and a sufficient number could be got at to form a quorum to go on with the business as soon as we can.

THE HONOURABLE THE PRESIDENT: May I ask the Leader of the House whether he has got recent information from another place which might enable him to say whether the important Bill to which he referred is likely to be disposed of there to-day?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: No, Sir.

THE HONOURABLE THE PRESIDENT: I quite realise the difficulty that has been mentioned by the Honourable Rai Bahadur Lala Ram Saran Das. At the same time I think he will realise that if in this particular case I wait till I am informed that there is a Bill ready to be laid and then I give Honourable Members 2 or 3 days' notice there is likely to be very considerable delay before Honourable Members will finally be able to reach their homes and attend to their duties. I think, therefore, that I have to agree with the Honourable Sir Arthur Fromm that the suggestion which the Honourable the Leader of the House has made to me is really the only feasible way of disposing of the matter. I shall see that as ample notice as possible is given to Honourable Members, but it is essential I think that the Council should meet, if possible, on the day following the passing of the Bill so that it may be laid at once, and as soon as the Bill is laid I shall be prepared to receive the views of the House as to how soon it should be taken up for consideration here. The House is aware that under the Standing Orders the ordinary period is three days' notice. Council will, therefore, now adjourn to a date and hour to be notified to them hereafter.

The Council then adjourned to a date and hour to be notified hereafter.

COUNCIL OF STATE.

Wednesday, 23rd March 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in accordance with rule 25 of the Indian Legislative Rules I lay on the table copies of a Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold or sterling, which Bill was passed by the Legislative Assembly at its meeting held on the 22nd March, 1927.

THE HONOURABLE THE PRESIDENT: Assuming that the Honourable Member who will be in charge of the Bill in this House is giving notice immediately of his intention to move that the Bill be taken into consideration, I shall be glad of the views of Honourable Members as to when the House would like to proceed with the consideration of the Bill. I would remind them that Indian Legislative Rule 27 lays down that the motion for consideration shall be put down 3 days after notice has been given unless the President otherwise directs.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-official). Sir, I request that the rules of business be suspended and that we proceed with the discussion of the Currency Bill to-morrow. I believe the discussion is likely to take more than a day, owing to certain amendments which I understand will be presented in the course of to-day to the Bill; and especially as we believe that the Finance Bill will come to this House on Saturday, it will necessitate the holding over of the Session till next week unless we proceed with this Bill. I understand that my Honourable colleagues are practically unanimous on the subject, and I think it will be conducive to the interests of both the Honourable Members of this House and Government if we proceed immediately with the discussion of the Bill.

THE HONOURABLE SETH GOVIND DAS (Central Provinces: General): On behalf of the Congress Party, Sir, I express our entire agreement with my Honourable friend Sir Maneckji Dadabhoy, and I think that this House should take this Bill into consideration to-morrow.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Education, Health and Lands Member): So far as the Government are concerned, I welcome the suggestion, and I may say that we are prepared to proceed with the Bill to-morrow.

THE HONOURABLE LALA SUKHBIR SINHA (United Provinces Northern: Non-Muhammadan): Sir, I would also support the motion that it may be taken into consideration to-morrow.

THE HONOURABLE THE PRESIDENT: It appears that the House is unanimous in the matter. At the same time there is one matter that I should mention, and that is the question of amendments to the Bill to which the Honourable Sir Maneckji Dadabhoy has referred. Ordinarily two days

[The President.]

notice of amendment is required. In the circumstances of course it will be impossible to insist on two days' notice. At the same time it is only fair to the Honourable Member who will be in charge of the Bill that he should have as much notice as possible, and I hope, therefore, that those Honourable Members who propose to give notice of amendments will, if they can possibly do so, let the Honourable the Finance Secretary have their amendments by 3 o'clock this afternoon.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma General): Sir, I believe it will facilitate matters for some Members who have not returned if the discussion takes place the day after to-morrow instead of to-morrow.

THE HONOURABLE THE PRESIDENT: It would have been a little more suitable if the Honourable Member had made that remark before I pronounced my opinion that the House seemed to be unanimous in desiring to take the Bill up to-morrow. I hope the Honourable Member does not press his suggestion.

THE HONOURABLE MR. P. C. DESIKA CHARI: I have only just come in and thought the question was open. That is why I wanted to make it clear that it would be better to have it the day after to-morrow.

MOTION FOR THE ELECTION OF A PANEL FOR THE STANDING ADVISORY COMMITTEE TO BE ATTACHED TO THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Education, Health and Lands Member): Sir, I move:—

"That this Council do proceed to elect, in the manner prescribed in the rules published in the Home Department Notification No. F-49, dated the 22nd August 1922, as amended by the Home Department Notification No. D-794-C., dated the 30th January 1924, a panel consisting of 6 members from which the members of the Standing Advisory Committee to advise on subjects, other than emigration, dealt with in the Department of Education, Health and Lands, will be nominated."

Sir, it was only the other day that on a Resolution moved by my Honourable friend Mr. Ramadas Pantulu this House discussed the question as to the best method for the purpose of constituting Advisory Committees in future, and it was then the verdict of this House that the present procedure should continue. My Resolution, therefore, Sir, follows the decision of the House. Honourable Members will remember that some time ago they elected panels to the Advisory Committees which function in the various Departments under the control of the Government of India, and one such panel which they elected on that occasion related to emigration and Indians overseas, which is under the control of the Department of Education, Health and Lands. The motion that I have now made relates to departments other than emigration and Indians overseas. Considering, Sir, that the Department in question deals with activities relating to what are called nation-building departments, the necessity and utility of attaching a general Advisory Committee to this Department will be obvious.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: With reference to the motion just adopted by the House nominations will be received by the Secretary up till the hour of noon to-morrow.

The Council then adjourned till Eleven of the Clock on Thursday, the 24th March, 1927.

COUNCIL OF STATE.

Thursday, 24th March, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

GOVERNMENT SERVANTS AND MEMBERSHIP OF THE ANGLO-INDIAN AND EUROPEAN ASSOCIATION.

208. THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: Is it a fact that Anglo-Indian and European Government servants are allowed to become members of the Anglo-Indian Association and the European Association?

THE HONOURABLE MR. H. G. HAIG: The orders regarding the Anglo-Indian Association are that so long as it continues to devote itself mainly to the moral and material progress of the Anglo-Indian community, a Government servant may be a member provided he takes no part in any movement of a political nature.

With regard to the European Association, the Government of India decided in 1921 that the objects of the Association were of a political nature and that they could not allow Government servants to become members of it. They had no objection, however, to Government servants joining a purely non-political branch of the Association provided that that branch was separately organised with entirely distinct finances.

GOVERNMENT SERVANTS AND MEMBERSHIP OF THE INDIAN NATIONAL CONGRESS.

209. THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: (a) Is it a fact that Government servants are not allowed to become members of the Indian National Congress?

(b) If not, why not?

(c) Will the Government be pleased to state whether the Indian National Congress has been classed as a political association? If so, why?

THE HONOURABLE MR. H. G. HAIG: (a) and (b). Yes. The matter is governed by rule 23 of the Government Servants Conduct Rules. A copy of these rules is in the Library of this House.

(c) The Indian National Congress has been treated as a political body because its objects are avowedly political.

TREATMENT OF THE INDIAN NATIONAL CONGRESS AS A POLITICAL ASSOCIATION.

210. THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: (a) Is it a fact that the Indian National Congress has been declared by Government to be a political association?

(b) Have Government excluded the Anglo-Indian and the European Associations from the list of political associations? If so, why?

(c) Have the Government any fixed definition of political association? If so, will they lay a copy of it on the table? If not, why not?

(d) Is it a fact that Government have got a list of political associations? If so, will Government lay a copy of it on the table? If not, why not?

THE HONOURABLE MR. H. G. HAIG: (a), (b) and (c). The Honourable Member is referred to the answers which I have just given to his questions. Nos. 208 and 209.

(d) The answer to the first part of the question is in the negative. The second part does not arise.

CURRENCY BILL.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I beg to move that the Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold or sterling, as passed by the Legislative Assembly, be taken into consideration.

I wish to thank you, Sir, for suggesting to the House yesterday that early notice of amendments be given to me and I wish to thank the Honourable Members concerned for the gratitude and courtesy with which they accepted that request.

Sir, I propose to make only a brief statement at this stage because the purposes of this Bill have been widely discussed and also because the House is particularly fortunate in having available the special experience of my Honourable friend Sir Maneckji Dadabhoy who was a signatory of the Report of the Currency Commission. At the outset I would point out that the Bill now before the House differs slightly from that originally introduced in another place. In clause 2, the date has been changed. September has been put in place of July and the words "other than a Sub-Treasury" have been added. These are merely amendments to meet administrative difficulties. In clause 4 the minimum amount of gold which may be tendered to the Currency Authority is 40 tolas instead of 1,035 as before, and in clause 5 optional sale of gold by Government is provided for, and in place of gold exchange, delivery of sterling in London has been substituted. These amendments made in another place do not affect the main principles of the Bill. The Bill seeks to stabilise exchange at 1s. 6d. and to give statutory authority for the first time to Government to maintain exchange within the gold points. I would specially emphasise the transitional and temporary character of the Bill which will be operative only during the period between the time it passes into law and the time when the Gold Standard and Reserve Bank Act comes into operation. Thereafter, the future of Indian currency will be regulated by the latter Act.

The main questions are whether the time has come to stabilise the exchange value of the rupee and at what ratio or rather at what gold value the rupee shall be stabilised.

As regards the first point, the Currency Commission after very careful examination of all the relevant factors and of the progress made in other countries towards stabilisation of prices on a gold basis came to the conclusion that the time was ripe in India also. That position has not been opposed with any force, and controversy has been mainly directed to the ratio and not to the principle of stabilisation. In fact stabilisation is what everybody wants in the best interests of the trade and commerce of the country to secure freedom at last from that depressing uncertainty which has hampered business for the last 10 years and which has made exchange the sport and plaything of speculators. If any further proof was needed, it would be found in the great sense of relief with which every money market in India received the news of the acceptance of the 1s. 6d. ratio in another place.

The Bill provides for stabilisation at the rate of 1s. 6d. gold which is now in force and has been in force since May 1925 after having been close to the lower gold point for five months previously. That is, undoubtedly, a long enough period for the conditions precedent to stabilisation to be established, and when once the desirability of stabilisation is accepted, it becomes a contradiction in terms to claim that stabilisation is immediately possible at any other rate. If I might speak in parables I would say that no man who wished to bring to equilibrium a slowly moving pendulum, would set about it by giving the pendulum a severe swing in another direction. The opponents of the Bill maintained that the rate of 1s. 4d. should be adopted, but it is hardly conceivable that, when the country has attained to comparative stability over so long a period and after much difficulty and tribulation, it should suddenly be called upon to go through the painful and uncertain processes of readjustment to another ratio. In the opinion of the Currency Commission, after very careful deliberation, it was established that internal prices had adjusted themselves in a preponderant degree to the ratio of 1s. 6d. and further investigation shows that on the present index numbers that adjustment is well nigh complete. One thing however is certain. Prices are not in any way in adjustment with a 1s. 4d. ratio which has not been in force save for a few months since 1917.

The House will doubtless hear at length the reasons why the ratio of 1s. 4d. has received so much support and I do not propose to say more at this moment than that the 1s. 4d. ratio is no more permanently to the advantage of the agriculturist or any other class than the ratio proposed in this Bill, and that the contention that the 1s. 4d. ratio is the natural rate because it was in force for so many years in different conditions before the War while the 1s. 6d. ratio is a thing unnatural and monstrous because it is the result of Government manipulation has no foundation. The former rate was equally the result of control which is necessary in all currency systems in the world.

The advantages of the *de facto* ratio are that it secures stability and certainty without further dislocation or trouble: that it has enabled Government to remit taxation (including the provincial contributions) already to the extent of 10 crores of rupees and if the original Budget programme is finally allowed to stand, it will render possible the complete extinction of 5.45 crores provincial contributions to the enduring benefit of the nation-building services in the provinces. It will then be possible to consider the question of further reduction of taxation. It means further that the high standard of credit which India has reached will be retained unimpaired.

[Mr. A. F. L. Brayne.]

On the contrary, a sudden reversion to 1s. 4d. can only bring in its train untold tribulation and difficulty. It must mean a definite set-back to trade and commerce. It must mean a reduction of 11 per cent. in the real wages of every workman and every individual who has a fixed wage followed by industrial unrest and great discontent amongst all wage-earning classes. It must mean the unbalancing of the Budget of every Government in India and the increase of taxation on all sides. In the case of the Central Budget I have elsewhere shown how on a very modest and conservative basis the reduction to a 1s. 4d. ratio means a loss of over 5½ crores, and if this loss were imposed it must mean the indefinite postponement of the reduction of provincial contributions and all the vast benefits to India that will accrue therefrom, while the resultant deficit must probably be made up by additional taxation. If the recent reduction of the salt tax stands, a ratio of 1s. 4d. means a deficit of about 5 crores in 1927-28 and a much higher deficit in future years. The effect of such a catastrophe on the credit of India and her powers of borrowing would be appalling.

I therefore ask the House to look upon one picture of abiding prosperity and on the other picture of gloom and disaster for a long time to come and then to support a Bill which means a very great advance in Indian Currency reforms and opens the way for the further advance which is contemplated in the Reserve Bank Bill.

Before I close, I should like to explain the purpose of clause 2 and clause 3 of the Bill relating to the demonetisation of the sovereign. The sovereign is at present nominally legal tender at 2s, but it has not been in effective circulation since 1920. Government propose to demonetise the sovereign as it would obviously be undesirable to monetise it on the new ratio and then demonetise it later if a gold bullion standard is finally agreed upon, but this does not in any way prejudice the question whether the future currency system of India should contain the gold sovereign or gold mohur. All these considerations will come up for fuller discussion when the gold standard and Reserve Bank Bill is before the Select Committee and later on in the Legislature. Receipt at bullion value is provided for and as for many years sovereigns have only had a value as a store of money there is little change in the present position. Sir, I move.

THE HONOURABLE SRI MANECKJI DADABHOY (Central Provinces Nominated Non-official): Sir, as one of the signatories of the Report of the Royal Currency Commission, I rise at this early stage to justify the majority findings of that Commission. So much has been said and written on the subject of currency since our Report was published, so much misapprehension on the subject has prevailed, economic ideas of a sound character have been to such an extent distorted, unpleasant things have been said and attacks have been made against my Honourable colleagues, my colleagues on the Currency Commission, who gave their best to the country and who have served according to their lights in connection with the very important subject. Hitherto I have abstained from taking any part in this great controversy, because I thought that a man cannot play the rôle both of an advocate and a judge. The Government had appointed a Royal Commission to report on the best monetary policy suitable to this country. We examined a large number of witnesses, we ransacked a large number of documents and after most careful investigation approaching nearly nine months, we came to certain decisions, and when those decisions were announced, I thought it my duty to totally abstain from saying any-

thing on the subject and allow the public to express their opinion on our Report. Sir, in speaking to-day in this Council, I am not addressing the Members of this Council alone but the wider public, because it is my bounden duty to justify our findings and to remove a large volume of misapprehension which exists in the country on the subject.

Sir, this Bill which has been brought before this Council marks the transitional stage of our currency recommendation. In our Report we strongly recommended that the Government of India should adopt the entire scheme of the Reserve Bank which we have formulated. We knew there were many difficulties in the way of the Government of India and the entire scheme which we suggested could not be put into operation within a very short time. We therefore expressly recommended that the Government of India should impose on the Currency Authority certain obligations that we had indicated in our Report and that we had asked the Government at an early stage of the case to undertake an interim legislation. This legislation to-day before this House forms part of that interim legislation and is a precursor to the whole system of the reform of the currency policy of the Government of India which is to follow. The provisions of this Bill are of a simple character. The only clauses of importance, great importance, are clauses 2 and 3. Clause 2 makes an important change. Under the Indian Coinage Act, 1923, and the Indian Paper Currency Act of 1923, the sovereign and the half-sovereign are legal tender at the rate of Rs. 10 for every sovereign. This clause proposes to take away the legal tender character of the sovereign and the half-sovereign in consonance with the recommendations of the Majority Report of the Currency Commission to which, I am glad to say, the author of the Minority Report had also subscribed. We were of opinion that the circulation of gold coins will imperil the security of our scheme which we suggested, and we therefore recommended the demonetisation of sovereigns. This clause aims now, during the interim stage till the Reserve Bank Bill is passed, to demonetise these sovereigns. In this connection I must state that there is a large volume of public opposition not only in the Legislative Assembly but in the entire country. That opposition has been founded on ignorance and merely on sentimental considerations and has not in view the purpose of establishing on a firm footing the currency policy of this country. It might be thought by Honourable Members that the Currency Commission took a very retrograde step in not recommending at this stage the circulation of gold coins, and went even so far as to make a very retrograde suggestion by recommending not only that gold mohurs be removed from circulation, but that sovereigns and half sovereigns should also be demonetized. In this connection I must make certain observations. Our Honourable friend Mr. Brayne has rightly pointed out that when the Bill relating to the Gold Reserve Bank comes up for consideration, it will be open to Honourable Members to take this matter fully into consideration. But in order to remove certain obscurities and to enable Honourable Members to know that the recommendations which we have made are of a right character, it is necessary for me, briefly, to speak on the question of gold currency. Sir, we had a large volume of evidence recorded before us. A good many divergent views were laid before the Commission. In order to improve the monetary policy of this country we came to the conclusion that three courses were open to us. The first was to perfect the sterling exchange standard. The second conclusion to which we came was that we might improve the gold exchange standard, and the third was that we should adopt a gold standard proper with or without gold currency.

[Sir Maneckji Dadabhoy.]

After a careful examination of the subject, we came to the conclusion that in the best interests of India, a gold bullion standard was the right standard to adopt, and we therefore made the recommendation to the Government of India that they should immediately, by a Statute, impose on the Currency Authority, whether that Currency Authority be the Government of India or the Reserve Bank of India, an obligation to buy and sell with reference to a fixed gold parity.

THE HONOURABLE SETH GOVIND DAS (Central Provinces: General): A point of order, Sir. There are amendments regarding gold currency and the ratio. The Honourable Sir Maneckji Dadabhoy can make his remarks on gold currency and the ratio when these amendments come up for discussion. I would request you, Sir, at this stage to allow a general discussion only?

THE HONOURABLE THE PRESIDENT: The Honourable Member is quite right in so far as he suggests that the Standing Orders lay down that at this stage the principles of the Bill only should be discussed, but I have been listening very carefully to the Honourable Sir Maneckji Dadabhoy and, so far as I have heard at present, he has not transgressed the Standing Order that lays down that the details of the Bill may be discussed only in so far as they are necessary to explain the principle. I have not heard Sir Maneckji Dadabhoy go beyond that. I hope, however and I will take this opportunity to say so, that Honourable Members will not go into great detail either on questions of gold coinage or the ratio at this stage of the debate. They will have ample opportunity to do so when the amendments are moved to the clauses of the Bill.

THE HONOURABLE SIR MANECKJI DADABHOY: Sir, I entirely agree in what you have stated, and, if I am now dilating on this point, it is because clause 2 of this Bill recognises the necessity for the demonetization of sovereigns, and therefore it is necessary to explain in some detail, though I will endeavour to be as brief as possible, the object and aim with which we made that recommendation. Now, as I said, we imposed this obligation of buying and selling gold not for the purpose of supporting foreign exchanges only, but also for all internal purposes, and it was necessary in order to preserve the compensatory mechanism of exchanges that we should do away with the circulation of gold coins. We found it impossible to keep the gold coins in circulation *pari-passu* with the introduction of the gold bullion standard, because it would defeat our entire scheme and render it impracticable. I shall speak on the details of this clause later on and will point out that the passing of this law will not cause any hardship when the amendment of my Honourable friend Seth Govind Das comes up for discussion. As I have pointed out, the demonetisation of sovereigns will help the Government of India to carry out our entire scheme.

As regards clause 3 of this Bill, the recommendation of the Currency Commission as regards the 1s. 6d. ratio is sought to be put into operation. Under the Indian Paper Currency Act of 1923 the rupee is valued at 11.30016 grains of gold, which figure corresponds to a 2 shillings rate of exchange. This clause seeks to alter that figure to 8.47512 grains of gold per rupee, corresponding to an exchange rate of 1s. 6d. This clause settles a new ratio for the rupee. There has been a lot of controversy in the country over the ratio to be adopted. The question is which ratio

would be the more suitable one to adopt. It is necessary also for me here briefly to trace the history of the ratio when we were appointed and at the time we sat to write our Report. I quite admit that in India, wherever we went, a large volume of public evidence which was recorded before us recommended a 1s. 4d. ratio. We had therefore to consider which ratio ought to be recommended. We found that we had a *de jure* ratio on the Statute-book of 2 shillings. We found at the time we recorded our evidence and at the time we wrote our Report that the 1s. 6d. ratio had been at that level in relation to gold since June 1925 and in relation to sterling since October 1924. We were also asked to adopt the 1s. 4d. ratio which had not stood at that level for at least a period of 10 years with the exception of a brief interval of two or three months in 1924. And another proposal was made to us, that as the question was of a conflicting character the Commission would be well-advised if they did not stabilise the ratio at any rate for the present but waited for the course of natural events to follow. The last recommendation was dismissed by us summarily as absolutely against the interest of the country. We found on examination that stabilisation was immediately imperative. Whatever the ratio we might adopt we were bound to stabilise the rupee. We could not allow large commercial interests in the country to remain in a fluctuating and wavering condition from year to year. We could not allow the inoperative ratio of 2 shillings which stood on the Statute-book and which Government itself had practically abandoned and had never put into operation to remain on the Statute-book for any length of time. Therefore the choice resting with us was between 1s. 6d. and 1s. 4d., and we had to make up our minds whether the 1s. 6d. ratio was a sound ratio to adopt or whether the 1s. 4d. ratio was the proper ratio to adopt. I shall speak in detail on this subject when the amendment to this clause comes up for discussion. I only point out at this stage that we found that adjustments had taken place to the 1s. 6d. ratio and that that was the proper ratio to adopt. We found that it was impossible for the Commission to recommend the 1s. 4d. ratio after a period of 10 years during which it had ceased to exist. We adopted this 1s. 6d. ratio mainly on the strength of four important considerations. The first was the express need of the masses and the poor middle class of India for stable conditions and as those stable conditions had been secured by 1s. 6d. we found it absolutely imperative to stick to that ratio and not again to dislocate the equilibrium which had been achieved. Our second object and motive was for cheap commodities and for preventing prices from rising. We came to the definite conclusion that the adoption of the 1s. 4d. ratio would mean an increase in the prices of foodstuffs, an immediate increase with the result that the poor masses who live, as is often said in this House, on one meal a day would have their expenditure run up immediately. We found that the prices of foodgrains would go up. We also found that the level of wages would decrease by the adoption of this ratio; and we were therefore bound, in the interests of a large body of agriculturists and the masses on whose prosperity India must depend, to adopt this ratio. A great deal of misunderstanding exists on this subject and when this clause comes up for discussion I will go in detail into this matter. I am precluded by our rules from dilating on the subject at this stage. As I pointed out, the third reason for which we adopted the 1s. 6d. ratio was to avoid the indirect reduction in wages of agri-

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cultural and industrial labour. We also adopted this ratio for maintaining cheap freights and railway fares because we thought the 1s. 6d. ratio would enable us to fight for a reduction of railway fares which this Council has been asking for some time, and also for enabling the country to have easy methods of transport and at cheaper cost. We finally adopted this ratio because the price level had more or less adjusted itself to the ratio and a return to a lower ratio would entail innumerable hardships. These were the principal points which influenced us in considering the subject. We also came to the conclusion that if we adopted the 1s. 4d. ratio we would upset immediately and instantaneously the present machinery of the Government of India, and that there would be a heavy loss to the country and the Government would have to go in for a larger measure of taxation. We felt, and we worked out the figures roughly which have been stated in our Report, that if we adopted the 1s. 4d. ratio there would be a deficit to the extent of 6 crores in the Budget of the Government of India, and it was impossible to meet that deficit in any other way than by additional taxation. I have always listened with great interest to the fight put up in this House for the reduction of taxation. I have always listened with great interest to the attacks made by my Honourable friends over there on the Government for having put on 50 crores of additional taxation during the last 5 years. Would we have been justified, I ask this Council, in the face of this perpetual fight kept up by this Council and the Assembly for the reduction of general taxation and for giving relief in the matter of taxation—would we have been justified in the adoption of 1s. 4d.? It would have been open to Government immediately to come and impose additional taxation. What that would have meant to the country I ask Honourable Members to consider—what that would have meant—in the present period when prices are down, when trade is not in a good condition, when industries are suffering, when agriculturists are in want, to have gone in for a large measure of additional taxation. Would it have been in the interests of this country?

Sir, when the amendments are put I shall go into the details of my argument and satisfy this House that the Currency Commission of the Majority Report were perfectly justified in adopting this ratio. Even our friend of the Minority Report did not differ materially on this point from us. His dispute with us was on one single point only throughout all our discussions on the subject, and as he has said in his Minority Report, that he did not agree with us that prices had adjusted themselves in any preponderating degree to 1s. 6d. That was the only point of difference. It must be borne in mind that we were confronted with one serious difficulty. If the prices had not adjusted themselves to a 1s. 6d. ratio, even assuming that for the sake of argument, had we any evidence before us that they had adjusted themselves to a 1s. 4d. ratio? And as I have pointed out to you already, for a period of ten years the ratio has never remained at that level of 1s. 4d. except for a very very small period. My friend, Sir Purshotamdas Thakurdas, stated even the other day in the Assembly when he argued for the establishment of a 1s. 4d. ratio that it was in the interests of the country. Now, I fail to see. As I have pointed out, we have no evidence before us to-day; and even though this debate has taken place for five or six days in that House,

and I have very closely watched that debate, I have not heard of one single argument, and I challenge even my Honourable colleagues here to-day to give me one single fact showing that, if the ratio had not adjusted itself to 1s. 6d., it had adjusted itself to 1s. 4d. That evidence is not forthcoming and will never be forthcoming. It does not exist. The facts and figures before us belie that argument; and therefore we had no option but to adopt this 1s. 6d. ratio. (*The Honourable Rai Bahadur Lala Ram Saran Das*: "At a big sacrifice.") No, for the benefit of the country. The sacrifice exists in the imagination of people who do not understand the history and the present conditions of the monetary situation in this country. Sir, my answer in this connection is a simple one. Why did the author of the Minority Report bring forward his Bills in 1924 for the establishment of a 1s. 4d. ratio? In his speech the other day only, he stated that it would take 7, 8 or 10 years for adjustments to take place. He was wisely silent in his Minority Report and did not fix any period, but with regard to what he said the other day, if this long period is required according to him for the adjustment of the ratio, why on earth did he bring forward his Bill in 1924, when the ratio at 1s. 4d. gold had only remained for not more than two or three months? I say you can have all sorts of spurious arguments urged, but you cannot deny the logic of facts and figures. The matter rests on incontrovertible facts and figures, and you cannot question those facts and figures. Sir, we were asked, "why should we not go to the pre-war ratio?"

THE HONOURABLE THE PRESIDENT: The Honourable Member is getting rather near the border line, I think.

THE HONOURABLE SIR MANECKJI DADABHOY: Very well, Sir, I will reserve my remarks. Sir, at this stage I feel that I cannot conclude my observations without saying a few words regarding myself and regarding my esteemed colleagues who were attacked in the other House for the majority recommendations which we made on the Currency Commission. Sir, I have been 20 years in the Council, and have seen much of public life. My back is broad enough to stand any amount of criticism, and I do not resent it personally. But I do think it my duty to protest on this occasion when we were told all sorts of things by irresponsible politicians in the other House and when the honour of one of my esteemed colleagues, Sir Henry Strakosch, was attacked. A statement was made in that House by Mr. Jamnadas Mehta that he had muddled the currency of South Africa, and that the Government had put him on this Commission to muddle the currency policy of India. I can quite understand irresponsible politicians making that statement, but I do feel great sorrow and pain that one of our esteemed colleagues, Sir Purshotamdas Thakurdas, in whose presence this attack was made on one of my esteemed colleagues, sat quietly and did not repudiate it. Sir Purshotamdas Thakurdas was very lavish in his encomiums on two of my colleagues, the Right Honourable Hilton Young and Sir Henry Strakosch in the course of our debates, and yet to my mind it was a very significant circumstance that he had not the gallantry to protest against such a wanton attack when he knew that Sir Henry Strakosch was not in India and was being stabbed behind his back. The majority members of the Commission have been charged also with having made up their minds long before

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their appointment, on the question of the ratio I take this public opportunity, Sir, to repudiate that infamous charge. We have been also told in the course of speeches, and that argument has been used by no less a personage than Sir Purshotamdas Thakurdas, that the ratio which we recommended and which the Government have adopted was a broad day-light loot on this country. The implication is that we have conspired with the Government of India in making a broad day-light loot on India. I repudiate that charge from my seat in this House. We never made up our mind in advance. If anybody had at all made up his mind, as was palpably apparent from the facts and the circumstances, it was the author of the Minority Report. Sir, we all knew, and every Member of this Council knows, what action the author of the Minority Report took in 1924 in bringing forward two Bills on the question of the ratio before the other House, how he effectively persisted, how he heckled Sir Basil Blackett with numberless questions on that point which are recorded in the proceedings of the Legislative Assembly; and if any person had made up his mind, it was not we, the signatories of the Majority Report; if anybody had at all a bias or predilection, it was the author of the Minority Report. And, Sir, I do not blame Sir Purshotamdas Thakurdas at all for sticking to his guns. If he entertained honest views on the subject, he was entitled to hold them. I blame the Government for having placed a gentleman on the Commission who had such definite views on the subject. It was not fair to the Commission, it was not fair to the public, it was not fair to Government, and it was not fair to Sir Purshotamdas Thakurdas himself. Sir, I will not take up the time of the Council at any great length at this stage, as I shall shortly have another opportunity of speaking. Meanwhile I ask this Council that they should trust us and act on our recommendations; they may trust us for five years or so and see what will be the effect of our recommendations. Carry out our entire scheme, have the Reserve Bank of India and place the currency of the country in the charge of this Reserve Bank and you will have no cause for regret. And what have we done? For the last twenty years the Indian National Congress has been asking for taking away all financial control from the Government of India and the Secretary of State; they have been fighting year in and year out on this subject. We have given full effect to the recommendations of the Indian National Congress in having deprived the Secretary of State of all his financial powers. We have done that. We have placed the scheme which India has been fighting for the last twenty years on a sound basis (Hear, hear), yet for a mere secondary matter of importance like the ratio, which will adjust itself after a little while and which will give no more trouble all the important recommendations of the Commission have been brushed aside have been neglected, both by the public and the Members of the other House and attention has been concentrated on a smaller point. I have not the slightest doubt that if our scheme is given a trial, we shall see India on the path of progress and prosperity and it will place her in the ranks of first class financial nations of the world. (Applause.)

THE HONOURABLE SETH GOVIND DAS: Sir, I had no intention of speaking on this Bill at this stage but for the speech of my Honourable friend Sir Maneckji Dadabhoy. Sir I entertain the greatest respect and regard for him, especially because in my childhood, I have had the honor of playing in his lap in the lifetime of my grandfather, Raja Gokul Das,

but, Sir, at the same time I cannot put up with the remarks which Sir Maneckji Dadabhoy has made here against Sir Purshotamdas Thakurdas.

THE HONOURABLE SIR MANECKJI DADABHOY: I have made none.

THE HONOURABLE SETH GOVIND DAS: Let me point out, Sir, that if there was any member on the Hilton Young Commission who enjoyed the public confidence in this country it was Sir Purshotamdas Thakurdas and this country will ever remain grateful to my Honourable friend in the other place for the consummate ability for the public spirit and for the sacrifice, which he has displayed in discharging his duties in the matter. Sir Maneckji Dadabhoy has said that it was the ignorance of the people that could allow all this agitation.

THE HONOURABLE SIR MANECKJI DADABHOY. Ignorance of the subject.

THE HONOURABLE SETH GOVIND DAS: Ignorance of the subject. Let it be like that if you please. Let me point out that it is his ignorance of the subject that has led him to favour the 1s. 6d. ratio. I propose to prove this when I move my amendment, as to which ratio is for the benefit of the country. Then, Sir, he also said that it was due to sentiment that we were advocating 16 pence. It may be true, Sir, that we are sentimental but then, Sir, we are sentimental in the interests of our country. There is no doubt, Sir, that we are sentimental regarding the prosperity of this country. But, Sir, the sentiments of my Honourable friend Sir Maneckji Dadabhoy, if he has any, are for foreigners. He further said, Sir, that the decisions arrived at by the Royal Commission were the result of the examination of witnesses. Let me point out, Sir, that if the recommendations of the Royal Commission had been based on evidence of witnesses examined they would have been quite different from what they are. He went further and said that Indian witnesses were no doubt in favour of 1s. 4d. but other witnesses, perhaps he meant foreign witnesses, were in favour of 1s. 6d.

THE HONOURABLE SIR MANECKJI DADABHOY: I never said anything of the sort.

THE HONOURABLE SETH GOVIND DAS: I at least thought he said so. If he has not said anything of the sort, then I will only say that if the Royal Commission had, as I have just said, based its recommendations on the evidence of witnesses, the recommendations would have been entirely different.

With regard to his remarks about gold currency and the ratio, I will not say anything at this stage and I will deal with them when I move my amendment regarding gold currency. Regarding the consideration of the Bill I will only say one word, and it is this that I am not supporting the consideration of the Bill on the grounds on which Sir Maneckji Dadabhoy is supporting it. My grounds are entirely different and they will be stated by me when I move my amendments.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab: Nominated Non-official): Sir, I want to explain my attitude generally towards this Bill. The whole question, Sir, hinges on the ratio, it may be 1s. 4d., 1s. 6d. or Rs. 15 or Rs. 13 to the pound, which all means the

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same thing. Sir, this House knows that for more than two decades I have been connected with the Councils, and whenever any question of zemindars has come up, I have always been a great supporter of that class. But, Sir, the zemindars are divided into two different categories, namely, those who are wealthy and exporters. They have got the franchise and send their elected representative here; on the other side are poor people who have got no franchise at all and who are generally termed the masses, and as regards their numbers, there is no comparison with those who have got the franchise. As to the advocacy of the former, as they have sent their own elected representative, I do not like to step into his shoes, nor like to pose to be their representative. All I can do is to speak on my own behalf. From my own point of view, I do know that I will be a great loser, but then I have to see, Sir, whether I should be selfish or I should rise and be chivalrous to represent the cause of the masses. I said the other day in this House, that, when we are nominated, it is our business always to espouse the cause of those who have got no representative. As to these poor people, some might say that they are so poor that they cannot buy anything foreign. To a certain extent this may be true, but one thing is known to all, that if there is a poor man he has not got anything to export. The question then remains whether he partakes in things that are imported. He may require these every day, but during the marriage ceremonies, in which unfortunately these poor men spend as much money as they have collected all their lives and even borrow and remain indebted, for the rest of their lives they require imported cloth, etc. and sometimes the poor men often buy other goods such as lanterns or other necessities of life. So on the one side they are not ex-

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porting and not getting any benefit, while on the other side they buy imported articles. Thus all these masses naturally would be suffering with the 1s. 4d. ratio and it is out of these poor masses that the largest numbers of the Army, to which I have the honour to belong, are recruited. So in that way there is an obligation on me to espouse the cause of the poor and support the ratio of 1s. 6d. Now, Sir, apart from the wealthy people there are other classes also, the middle class or the people in the cities who have got no lands. These people also use imported goods, while on the other hand they have got nothing to export. Then in a fourth category we may include all the servants both of individuals and of the Government who have got no other means of income except their salaries. They also would gain by this ratio. So I think out of the four classes I have mentioned, three are bound to gain in this way, i.e., the middle classes and the very poor and the servants. There is another way of looking at this question. Of our countrymen appointed to this Commission, the majority were on the side of this ratio, and though the House elsewhere can at times make blunders, as they have done in the case of salt at times when they are in a good mood, they do quite useful things, and by a majority they have passed this Bill with the 1s. 6d. ratio which has now come to us. We, Sir, have got a saying from the Prophet that any one who is my follower will not be on the side of the minority; or in other words that the majority of my followers will be on the right side. As there are Muhammadan Members in the other House, the majority of those were on the side of this ratio. (*An Honourable Member:* "Not all.") I do not say all, I say the majority. There is another way of seeing the majority also. On one side there are rich men who will and on the other side thousands and thousands of people who will

benefit. In that way too the majority will be on that side, and as I too have to be on the side of the majority, I would take that particular side for the greater good of the greater number. I have spoken generally and as there may be another opportunity of speaking on the amendments, I reserve my remarks for that.

THE HONOURABLE MAHARAJADHIRAJA SIR RAMESHWARA SINGH OF DARBHANGA (Bihar and Orissa: Non-Muhammadan): Sir, the vital problem of the fixation of one stable ratio has engaged the attention and serious thought of the country ever since the publication of the Currency Report. The question was taken up in the Simla Session last year and had to be postponed till now as it was decided that a question involving such momentous issues should undergo one sifting examination that it deserves before being finally decided to be placed on the Statute-book of the country. The controversy has raged for six months or over, but I do not wish to waste the time of the Council by surveying the problem of the ratio as financial experts have thoroughly threshed out the question by examining arguments both in favour and against the different ratios. It cannot, however, be gain-said that prices having generally adapted themselves to the 1s. 6d. ratio that should have been adopted to be our standard. Let us hope that such conditions would prevail in future as would not call for a change in the ratio that is fixed now. It is not always in the best interests of the country to lightly tamper with its currency and let us hope it would not be tampered with hereafter.

There has been much discontent in many of the Indian commercial circles because of the fixation of the ratio at 1s. 6d. instead of at 1s. 4d. In order to pacify this public discontent I hope the Government, as soon as they can do so, will see their way to inaugurate once for all a gold standard for our country. The scheme of introducing a gold currency in India has attracted the attention of all the countries for a considerable period, and I think it ought not to be long when it would be made an accomplished fact. That done, there would be no necessity of manipulating the currency from time to time and India would be left to adjust itself, along with other nations of the world, to a genuine gold currency.

Allow me, Sir, briefly to advert on some provisions of the budget estimate for which the Honourable the Finance Member deserves congratulations. Besides the remission of certain duties the remission in provincial grants is an epoch-making event of which the Central Government can justly be proud since the inauguration of the Reforms. Although the remission is contemplated to be conditional on a surplus Budget every year, let us hope that Sir Basil Blackett being at the helm of Indian Finance, there would be no deficit Budget and the provinces would permanently enjoy the remission and having been relieved of this burden on their resources, they would hereafter embark on schemes contributed to foster provincial interests in the different spheres of nation-building.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, on the question of the ratio as to which one is in the interests of India 1s. 4d. or 1s. 6d. there should be little difference of opinion after the very widespread agitation and expressions of opinion in the country for the last six months. As one connected with agriculture and with commerce and industry, I know from personal experience how all these three have been depressed ever since the exchange ratio has ruled over

[Lala Ram Saran Das.]

1s. 4d. gold. Even the Lords of the *Treasury* said in 1879 that the higher ratio is temporarily of benefit to Government and permanently beneficial to Europeans, and that this benefit is obtained at the expense of the Indian tax-payer and the Indian agriculturist. In the genuine interests of India and the sons of the soil there should be little difference of opinion that 1s. 4d. should be put on the Statute. Such prominent men as Mr. Dadabhai Naoroji, Mr. Romesh Chunder Dutt and Mr. Gopal Krishna Gokhale have repeatedly said this twenty-five years back. . . .

THE HONOURABLE SIR MANECKJI DADABHOY: That was all before the War.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I will deal with that later. Britishers who served on the Fowler Committee had also the frankness to say this unequivocally. The memorable minute of two members of the Fowler Committee, (Mr. Robert Campbell and Sir John Muir) bears this out and in my opinion it will be a pity if this House passes the 1s. 6d. ratio. But whatever the House may do, I cannot let this opportunity go of placing before the House my observations for their very grave consideration.

Sir, in the debate in the other House on Tuesday last, the Finance Member was warned that he would have to borrow very soon in London to keep to the 1s. 6d. ratio because he has sacrificed the gold resources of India to the extent of £25½ millions here in his efforts to maintain the 1s. 6d. ratio. The only gold resources of India now left are £40 millions in the Gold Standard Reserve, £22 millions in India and about £5 millions in the Paper Currency Reserve. Whether the Government of India will venture to remove the gold in India or not I cannot say. They may find it even difficult to touch the securities in the Gold Standard Reserve and as to the £5½ millions in the Paper Currency Reserve, they will soon have to part with them in order to satisfy the requirements of the Secretary of State in the current year as he is being asked to run down his balance this month in order that the Legislature, who are in Session here, may receive no shock. It is therefore a policy of incurring debt even in England in order to preserve the prestige of Government. My Honourable friend Sir Maneckji Dadabhoi has said that the Currency Commission's personnel was responsible for bringing about this beneficial measure in the interests of India, and he has criticised the appointment of Sir Purshotamdas Thakurdas to that Commission.

THE HONOURABLE SIR MANECKJI DADABHOY: May I get up on a point of personal explanation, Sir? I think my Honourable friend here, Lala Ram Saran Das, as well as my Honourable friend behind me, is under a serious misapprehension on the subject. Now what I stated if my Honourable colleagues had followed me closely, was to this effect, that we, the majority members of the Commission, have been charged with having made up our minds beforehand as regards the 1s. 6d. ratio. I pointed out—I made no aspersions against my Honourable colleague Sir Purshotamdas Thakurdas who was with me on the Commission and I should be the last person . . .

THE HONOURABLE THE PRESIDENT: Will the Honourable Member make his explanation as brief as possible. 44

THE HONOURABLE SIR MANECKJI DADABHOY: What I pointed out to the Council was that I made no charge

THE HONOURABLE THE PRESIDENT: The Honourable Member has said that. Will the Honourable Member complete his explanation as quickly as possible?

THE HONOURABLE SIR MANECKJI DADABHOY: That therefore I had made no charge of any kind personally against him. It was only by way of explanation I said that he already having brought forward two Bills on the subject and having identified himself with one side before the Report was written, if it was anybody who made up his mind there was the unavoidable suspicion against the author of the Minority report and not the majority of the Commission.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I hold my Honourable friend Sir Maneckji Dadabhoy in the course of his excited mood did say those words.

THE HONOURABLE SIR MANECKJI DADABHOY: I did not, Sir, and I protest against it. The report of my speech will show that.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Very well, the House have ears open and they heard what he said. Sir Maneckji said very plainly that when Government knew his views and that when he was for 1s. 4d., then why did Government appoint him on the Currency Commission? I think that remark is quite unwarranted. Sir Purshotamdas is a person whom India regards with honour and esteem, and to pass a remark of that sort on him is to be deplored. It is all right to say, and then to withdraw. Sir, I must myself say that the personnel of the Currency Commission was not very well received by the public in India. That fact even Sir Maneckji cannot deny; I quite agree with what the Honourable Seth Govind Das has said that one of the persons who commanded full public confidence and respect on the Currency Commission was Sir Purshotamdas Thakurdas.

Sir, my Honourable friend Sir Maneckji Dadabhoy has advanced arguments in favour of 1s. 6d. and has said that the 1s. 6d. ratio has adjusted itself during the last two years. As far as we can see it in practice, that statement is incorrect. This ratio has been maintained at the sacrifice to the country of 25½ millions sterling as I have already said, which shows that this artificial ratio has not been maintained without heavy loss to the country. I do not know how Sir Maneckji has made the statement that the 1s. 6d. ratio has done good to India. It will not do any good to our country. Sir, he has also said that in case the 1s. 6d. ratio had not adjusted itself and in case the exchange went down to 1s. 4d. wages would have gone up. Well, Sir, during the last two years there has been no appreciable change in the level of wages. My Honourable friend Sir Umar Hayat Khan has said that Kashtkars—he meant the agriculturist, tillers of the soil—would not gain by the 1s. 4d. ratio. He said that these poor tillers of the soil do not export any stuff. My Honourable friend is labouring under some misunderstanding. Can I ask him, Sir, whether the poor tillers of the soil consume all the cotton they produce, do they consume all the jute they produce, and do they consume all the sugar they produce? Does he not as a big land owner in the Punjab realise that these kashtkars have to sell their produce in order to meet even the Government revenues? Then,

[Lala Ram Saran Das.]

Sir, he says that the only people who will gain by the 1s. 6d. ratio will be the labourers, the middle class and domestic servants. He meant that this class of people will lose at 1s. 4d. May I tell my Honourable friend that, as far as the Punjab is concerned, most of the labouring class comes from the agricultural classes. In the Punjab we have got small holdings and in families which consist of a great many members those members who are not wanted for agriculture go out and seek private or Government employment. Therefore to say that private or public servants, labourers and middle classes will lose by the 1s. 4d. ratio is wrong. Sir, my Honourable friend Malik Sir Umar Hayat Khan also pointed out that because this is a very useful measure it was passed in the other place by a majority. I may tell my Honourable friend that the majority of the elected Members in the other place voted against it, so the Bill has not emerged from the other House with the popular approval. Sir, we have received from various industries the complaint that in case the ratio is fixed at 1s. 6d. very many of the indigenous industries of India will go to the dogs. The other day, Sir, a representative of the Gold Thread Association of Benares called upon many Members of the Legislature and he also saw me and told me that as far as Benares and other gold thread consuming centres were concerned, they employ 52,000 labourers and they produce more than 3 crores worth of gold thread goods. He also told me that one tola of gold thread provides a living for at least 12 persons, and he informed me, Sir, that the 1s. 6d. ratio would have a most disastrous effect on the Gold Thread industry and that it would throw a large majority of the skilled labourers out of employment. (The Honourable Sir Maneckji Dadabhoy was understood to demur). I am talking of facts and I am placing before the House those facts which have been placed before us by the people who are actually in the trade; and if my Honourable friend Sir Maneckji Dadabhoy wishes to pass any remarks they are purely sentimental. I may also state that the wealth of the Punjab's agricultural population is mostly invested in their silver ornaments. The Honourable Malik Sahib has possibly forgotten that point when supporting the 1s. 6d. ratio. In the Punjab, unlike the provinces of Burma and Madras where the wealth of the masses is invested in jewels, it is in silver. In case we depreciate the value of silver, it will very heavily reduce the wealth of the Punjab masses. (An Honourable Member: "How can you say that?") From personal experience, Sir, it is said that the ratio does not affect the small landholder. It does affect him, because even the small landholder puts his produce, if not all, certainly a part of it, on the market. May I, Sir, in this connection also inform my Honourable friend, Sir Umar Hayat Khan, that the tillers of the soil are concerned in growing raw materials which we export to the extent of 300 crores a year, and as the raw materials are also required for the indigenous industries and the feeding of the vast population of the country, the big zamindar does suffer, Sir, and I cannot understand why the Government should put the big zamindar to a loss by a sudden stroke of this legislation. Even, Sir, the big zamindar, in case he gets better prices for his produce, is always able to show some concessions to his tenants, and in case his income is restricted or reduced by this wrong ratio he will not be able to give as much assistance to his tenants which he does now. The time will be fast approaching, Sir, in case this 1s. 6d. ratio is forced on the country, which I wish it may not, when the small landholders will not be able even to pay their land revenue and this will result in unrest in the

country. I reserve my further remarks, Sir, on the amendments when they are moved.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (North-West Frontier Province: Nominated Non-Official): Sir, there are two questions that are involved in the present Bill, *i.e.*, (1) the question of the ratio and (2) the question of the introduction of a gold standard with gold currency in circulation. For some months past the question of the ratio has created a good deal of discussion throughout the country. It has been debated in all the economic circles as to whether the exchange rate should be fixed at 1s. 4d. or 1s. 6d. per rupee. The Currency Commission recommended the adoption of the latter and it is in view of the convincing reasons of the said Commission in this behalf that the Government of India have considered it advisable to accept the recommendation, which they want to give effect to by means of the Bill before the House. On the other hand, a few of the millowners and capitalists, whose selfish interest are chiefly centred in the adoption of the 1s. 4d. ratio, feel keenly averse to the measure proposed and have gone so far as to start a universal agitation against the ratio of 1s. 6d. No doubt a few of these capitalists will have to suffer to some extent if the ratio is fixed at 1s. 6d. but there can be no denying the fact that the advantage derived by the poor masses from the ratio of 1s. 6d. will be much greater in comparison with the loss sustained by a few of the capitalists. To adopt the ratio of 1s. 4d., therefore, would be to benefit a small number of capitalists at the sacrifice of the needy and the most deserving majority of the population of this country.

It is generally said by the supporters of the 1s. 4d. ratio that if the ratio is fixed at 1s. 6d., it will prove of great disadvantage to the agriculturists. This assumption is a mere creation of their own since no dissenting voice as to the adoption of 1s. 6d. is raised by the agricultural classes.

To me it seems that the adoption of the 1s. 6d. ratio will prove beneficial to the general public in India—of course the same cannot be said of the capitalists and millowners. The natural result of fixing the exchange ratio at 1s. 6d. will be the reduction in the prices of imported goods, which state of affairs is bound to prove advantageous to the general public as a whole, whereas if the exchange is fixed at 1s. 4d. its consequences would be that the prices of foreign goods would surely stand higher. All the more, the 1s. 6d. ratio is the natural ratio under the present circumstances, for it has stood so for the last two years and any disturbance of it would greatly upset the trade of the country. (*The Honourable Rai Bahadur Lala Ram Saran Das*: "Question.").

THE HONOURABLE THE PRESIDENT: Order, order. Will the Honourable Member conclude his speech?

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN: Honourable Members might recollect that it is by fixing the exchange rate at 1s. 6d. that there has been a surplus of about 3 crores 31 lakhs of rupees in the Budget for the year 1927-28. It is only to this fixing of the rate of exchange that the Government of India have been in a position to reduce the provincial contributions, which reduction in the provincial contributions will enable the Local Governments to spend more on education, sanitation and other beneficent departments in their respective Provinces. In case it is not acceded to by the Honourable Members, I am afraid it will be doing

[Nawab Mahomed Akbar Khan.]

away with the reductions granted in respect of the provincial contributions in the present Budget and thus necessitate the levying of extra taxation, which no patriotic Indian will be prepared to welcome. With these remarks, Sir, I beg to say that I shall support the 1s. 6d. ratio.

THE HONOURABLE SIR ARTHUR FROMM (Bombay Chamber of Commerce): Sir I have listened with considerable interest and close attention to the debate on this Bill so far as it has gone, but I have not heard one Member yet oppose the motion that the Bill should be taken into consideration, and as I understood it, my Honourable friend Seth Govind Das in his short speech did not oppose the motion for consideration but reserved his ammunition in full perhaps for a somewhat later period. Nor did the Honourable Lala Ram Saran Das end up his speech by opposing the motion for consideration; I think I am correct in making that statement. Therefore I move that the question be now put.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold or sterling, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: I have considered the most convenient form in which the Council should take the Bill into consideration, and I think it will be best to do as was done in another place, namely, to start with the ratio. In order to bring about a discussion on that point, it is only necessary to deal with the amendment No. 10 standing on the paper.

The question then is:

"That clause 4 do stand part of the Bill."

The Honourable Seth Govind Das.

THE HONOURABLE SETH GOVIND DAS: Sir, I rise to move my amendment, which reads thus:

"That in clause 4 for the words 'twenty-one rupees three annas and ten pies' the words 'twenty-three rupees fourteen annas and four pies' be substituted."

Sir, in moving this amendment, I want it to go on the record of this House that the recommendations of the Royal Commission are not binding on the people of this country. I go further and say, Sir, that they represent the views of foreign capitalists and exploiters and their henchmen in this country. How can the Government expect representatives of the people to vote for the recommendations of the Commission, the personnel of which was appointed by deliberately disregarding public opinion in this country? Not only the report of the Commission, Sir, but the way in which the Commissioners examined the witnesses orally show to what extent the members of that Commission were prejudiced in favour of the foreign capitalist.

I speak here, Sir, both as an agriculturist and as a business man. My family, Sir, for generations has been in daily touch with the tillers of the soil and I have personal experience of thousands of my farmers.

I know, Sir, how the agriculturist works, how he toils and what is for his benefit and what is not. Being a business man, Sir, I have my finger on the money market and I know what is the condition of the industries at present in this country, whether they are flourishing, whether they are decaying and why they flourish and why they decay, and therefore, Sir, I may venture to say that I am speaking on this motion with some personal experience and with some authority.

The Honourable the Finance Member said in the other House as well as in so many of his other speeches, that the ratio question is a dead horse. Well, Sir, when he said this, it might not have been a dead horse, but to-day no doubt to some extent it is a dead horse, and in that way, Sir, I may point out that everything which comes in this House becomes a dead horse and therefore we need not be afraid of his view in this respect.

Then, Sir, he further says that the ratio question is only a temporary one. My Honourable friend from the Government side, who moved this Bill, also said that it was merely a temporary thing. I may ask the Honourable Member, are not many other things in this world temporary? Are not wars temporary? Are not famines temporary? Are not epidemics temporary? Because they are temporary, they do not cease to produce most disastrous effects.

Then, Sir, some of the Honourable Members of this House as well as of the other House think that the ratio question is not important at all if compared to the question of a gold standard with a gold currency. To me it seems that they are mistaken. When we go for a gold standard with a gold currency, we want a ratio, a suitable ratio, for us for converting all our outstanding liabilities and obligations; and therefore, Sir, let them not think that the ratio question is not important if compared to the question of gold currency or gold standard.

Now, Sir, after these general remarks, if I go into the merits of the question what do I find? The whole edifice which is raised by the Royal Commission for the 1s. 6d. ratio is based upon the ground that it is a *de facto* ratio and the prices are adjusted to it. If, Sir, this ground is removed, the whole edifice for 1s. 6d. of the Royal Commission collapses like a house of cards. Both in the Press and on the floor of the other House it has been conclusively proved that the *de facto* ratio was brought about by so many unnatural means and the prices have not adjusted themselves to it. The Honourable the Finance Member did not give any suitable reply to these arguments. He went even further, Sir, and did not even exercise his right of reply which he could have done at the close of the debate on the ratio question. The whole question, Sir, has been so well threshed out that it has hardly left anything new for me to contribute to this debate, and therefore, Sir, I will only very briefly review the arguments on both sides, and I hope, Sir, that the Honourable Mr. Brayne will come forward and reply to my arguments at least in this House where he must feel his position more sure than what the Honourable the Finance Member felt in the other place.

The argument regarding the *de facto* ratio would have been correct if it had been created by natural forces and without any manipulation on the part of the Government. In this matter I will not go so far back as my Honourable friend Pandit Malaviya went in the other place, and I

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will only begin my review from September 1920, when the 2s. gold ratio was put on the Statute-book. This amounted, Sir, to the closing of mints, and, therefore, the automatic expansion of currency which was going on since 1899 was stopped. From this day all the additions to the volume of currency were entirely and exclusively dependent on the will of the Government. When you put, Sir, 2s. gold to the rupee, you make the value of the sovereign Rs. 10. Now, Sir, no man in his senses will go to you and ask Rs. 10 for a sovereign which he can very well sell in the market for Rs. 16 or more, and in the words of the Bengal Chamber of Commerce—"Every country requires additional currency year after year for its growing trade and population" was stopped, Sir, by the 2-shilling ratio on the Statute. The misfortune did not end there. It went further. Side by side with this the systematic deflation of the volume of currency went on and we find that between January 1921 and September 1924 deflation of nearly 60 crores of rupees was effected by the manipulation of the Government. Partly by stopping expansion and partly by deflation, Government within 3 or 4 years raised the value of the rupee from 1s. to 1s. 4d. in gold or 1s. 6d. in sterling in September 1924. Now, Sir, it cannot be said that this deflation was necessary on account of any previous unnatural inflation and this has been very well proved by Sir Dadiba Dalal in his very able minute of dissent as a Member of the Babington Smith Committee. This shows, Sir, how the value of the rupee was increased, and these facts, Sir, are found even in the Report of the Royal Commission in Appendix No 98. It is therefore false on the part of the Government to say that no manipulation has occurred and that this ratio is natural. The foreign experts, Sir, who recommended a higher ratio, did so on the assumption that it was brought on by natural means. The Right Honourable Montagu Norman, Governor of the Bank of England, made this clear in a reply to a question of Sir Purshotamdas Thakurdas who asked him:

"Does it matter in your opinion whether the present rate is stabilized by natural means or by something which is artificial?"

The reply was:

"If I was aware of the existence of an unnatural position which has resulted from the adoption of this exceptional measure, that might change my views."

So, Sir, it is clear that even the foreign experts who gave their evidence in favour of a higher ratio, gave it on the assumption that the *de facto* ratio was brought about by natural means.

Now, Sir, coming to the question of the adjustment of prices, let me point out that the Commission based their contention on the index number of prices. This is not reliable, Sir, and this fact has been proved times without number. The reason is that the articles included in this index number are not the same in all the countries and when they vary in each country, it becomes a comparison of likes with unlikes, and therefore it has no value. This has been accepted even by the Commission and by the Honourable the Finance Member. Well, Sir, to reply upon a thing which you yourself call unreliable is at least so far as my knowledge goes, unheard of. You go on calling the index number of prices unreliable and still when you make your recommendations you say the prices are

adjusted and you think and consider them to be reliable, a very strange thing, Sir, indeed. Then I will go further and say that the adjustment has not taken place. When England reverted to the gold standard in 1925 Professor Keynes said in an article:

"Unless the appreciation of the pound sterling by 10 simultaneously resulted in an acceptance of 10 per cent. less by everybody all round, the process of adjustment can only be exceedingly slow."

He further says:

"Prices which figure in the export and import trade respond themselves quickly to any fluctuations in exchange. The prices of other articles do not move so rapidly. The cost of living is slower to adjust itself; wages slower still. Rates of interest are slower and the public debts and other budgetary commitments refuse to move at all. And yet these are the prices in the true scientific, economic sense and unless they adjust themselves all round, the process of adjustment cannot be complete and the effects of non-adjustment will continue to be felt for many long years."

Now, Sir, taking the case of our country, can it be said that the prices are adjusted to 1s. 6d. Has the cost of living come down by 12½ per cent.? Has the rent of houses gone down by 12½ per cent.? Have debts, which amount to about 1,000 crores of pounds, gone down by 125 crores? Has interest gone down by 12½ per cent.? Have wages gone down by 12½ per cent., and has the cost of public administration, civil and military, gone down from 70 crores? The answer, Sir, I am sure will be in the negative, then I do not understand how the Honourable the Finance Member says that the prices are adjusted to 1s. 6d.

Now, Sir, much is being said about the poor people from both sides. One side is advocating the cause of the producer and the other side is advocating the cause of the wage-earners. It has been the policy of the Government from the very beginning to divide and rule. Now here they want to divide the producers and the wage-earners. Let me point out that this sort of thing cannot go on and let me point out that here in India, when India is under a foreign rule, the interests of the producers and the wage-earners do not differ. At least as far as the foreigners are concerned, their interests are identical. May I ask the Honourable the Finance Member, do the Government think that, if no land is cultivated in this country, wage-earners will go on getting their wages? Do the Government think that if all the industrial institutions of this country are closed, still the wage-earners will go on getting their wages? Then how can they consistently say that the 1s. 6d. ratio is beneficial for wage-earners, and it is in their interests, in the interests of the poor wage-earners that they are advocating this 1s. 6d. ratio? Now, Sir, what is the position of the agriculturists? They are losing, Sir, in two ways, by getting less for their produce, and by paying more for their debts, interest and land revenue. In the same way, Sir, the industrialists are suffering in two ways, firstly, by selling their produce at a less price and by spending more on their production. It is said, Sir, that both these losses are compensated on account of the fall of prices of the articles that are consumed. Let me point out, Sir, that first of all there has not been any real fall in the retail prices within the last two years, and if there has been it has been only on imported articles which are used by the poor people to an extent of 7 per cent. only. In the same way, Sir, industrialists are only saving on the imported stores and the fall of prices on these stores is only to the extent of 6 per cent. . . .

THE HONOURABLE MR. MANMOHANDAS RAMJI (Bombay: Non-Muhammadan): What about cotton and the high prices that will have to be paid?

THE HONOURABLE SETH GOVIND DAS: Cotton and the high prices? I do not appreciate the point. Can you say that the prices of cotton have gone down on account of the ratio? That question does not arise.

THE HONOURABLE MR. MANMOHANDAS RAMJI: If the rupee is depreciated, the cotton prices will go up.

THE HONOURABLE SETH GOVIND DAS: All that will be compensated by the prices which the producer will get on his own produce and so that question does not arise.

THE HONOURABLE SIR ARTHUR FROMM: What about transportation?

THE HONOURABLE SETH GOVIND DAS: We see how much these industries, how much the poor people have to suffer on account of this higher ratio. It is about 40 crores of rupees. This, Sir, has been proved to the hilt on the floor of the other House and in the Press. And, Sir, who is gaining at the expense of the poor people? (*The Honourable Sir Arthur Fromm*: "The middleman.") No, no, the foreign middleman the foreign capitalist, the civil and military officers of Government who remit money to foreign countries, and the Government themselves. Sir, it is a case of robbing the Indian Peter to pay the English Paul! The Finance Member's jubilation can very well be compared to Nero's fiddling while Rome was burning!

Then, Sir, it is said that there will be a sudden rise of prices by 12½ per cent. Let me point out, Sir, that when there has not been any real fall in prices in retail, this rise of prices will not occur; if there is any rise in prices it will be on imported articles and articles which are exported. Now, Sir, on account of this rise in price on imported and exported articles the poor people of this country will not be gaining because, as I have just said, out of the total of imported articles only 7 per cent. is being used by the poor people and the gain will go into the pockets of the producers.

Then they said that if the lower ratio was so beneficial, why should it not be reduced to 1 shilling or, as the Honourable the Finance Member said on the floor of this House at the time of the general discussion on the Budget, why should it not be reduced to one penny? Well, Sir, in reply to this argument I have only to say that we do not want to be unjust. We only want to have the ratio which was our ratio for 18 years. We do not want to be unfair to anybody. We want to be just, Sir, and therefore we do not want that reduction.

Then another thing they said that if the ratio is brought down the debt of India will increase. Well, Sir, in this respect I will only read a quotation from a memorandum which was issued by many Honourable Members of the other House, and it will be seen that this is not a fact. In the memorandum it is said:

"It is contended by Government that if we revert to 1s. 4d. the burden of the sterling debt of India will be increased by 56 crores. The table attached to paragraph 20 of the Finance Member's speech refers to this. This is misleading because the sterling debt has to be paid in gold whatever the ratio, gold representing the

same amount of Indian goods and services. The number of rupees required for this purpose is not a relevant factor at all. On the other hand, we wish to point out that at 1s. 6d. the burden on the tax-payer of the rupee debt of the Government of India will be increased in terms of gold or goods and services. The total rupee debt on 31st March 1927 is given at 523 crores. This in terms of gold at the pre-war ratio of 7.53 grains of gold to the rupee would be equal to 523 crores multiplied by 7.53 grains of gold or 3936.19 crores in grains of gold. If the rupee is stabilized at 1s. 6d. this debt would be equal to 523 crores multiplied by 8.47 grains of gold, that is, 4429.81 crores of grains of gold a difference of 491.62 crores of grains of gold or equivalent to 4.3 crores of sovereigns, this being the increase in the rupee debt of the Government of India in terms of gold. A corresponding annual increase in the binding interest in terms of gold has thus been imposed on the tax-payer and will continue at 1s. 6d. until the loans are paid. These facts and figures furnish an irrefutable argument against the appreciation of the value of the rupee."

In conclusion, his speech in the other place the Honourable the Finance Member said :

"Does the House want to reduce by 11 per cent. the real wages of all wage-earners, agricultural and industrial, of all clerks and shop hands in private employment, of postal employees, railway employees, reduce the value of every fixed income by 11 per cent? That is what the demand for 1s. 4d. means; for the permanent benefit of nobody."

This poetry went on, Sir, and he said :

"Does the House want to upset the equilibrium of every Budget in India, Central and Provincial, and to face the task of imposing additional taxation all round? That is what the demand for 1s. 4d. means. For the permanent benefit of nobody."

His third remark was

"Does the House want railway rates and fares to be raised all round at a moment when the railways have launched on a policy of reduction? That is what the demand for 1s. 4d. means. For the permanent benefit of nobody."

Fourthly, Sir he suggested :

"Does the House want the complete remission of the provincial contributions to be postponed indefinitely? That is what the demand for 1s. 4d. means. For the permanent benefit of nobody."

And finally, he said, Sir :

"Does the House want to postpone indefinitely the reform of the Indian currency system? That is what the demand for 1s. 4d. means. For the permanent benefit of nobody."

Well, Sir, I am much interested myself in poetry. I have written some poetry myself, and therefore, Sir, I want to give a reply to the Finance Member in the poetic style in which he spoke at the time of moving his Bill in the other place; and I say, Sir: Does this House want to increase by 12½ per cent. the burden on the agriculturists of this country in the matter of land revenue, which is already 86 crores per year? That is what is meant by 1s. 6d. ratio. For the permanent benefit of nobody. (*The Honourable Sir Arthur Froom*: "How increase?"). Does the House want to pay a bonus of 12½ per cent. to the bloated salaries of the superior Services which are already getting the most extravagant salaries in the whole world? That is what is meant by 1s. 6d. ratio. For the permanent benefit of nobody. Does the House wish to create a terrible struggle for the very existence of industries, leading to strikes, lockouts, creating unemployment and sweating of labour on a large scale? That is what is meant by the 1s. 6d. ratio. For the permanent benefit of nobody. Does the House wish to put an unearned increment of 12½ per cent. into the pocket of every usurer, moneylender and rentor and lessor and similarly

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put the debtor, the tenant and the tiller of the soil to a loss of 12½ per cent? That is what is meant by the 1s. 6d. ratio. For the permanent benefit of nobody. Does the House wish to create an unnecessarily heavy charge of 56 crores of rupees on the rupee debt of this country? That is what is meant by the 1s. 6d. ratio. For the permanent benefit of nobody. And finally, does the House wish to allow this Government to tamper with the currency of the country for budget purposes and allow them to use currency as a lever for increasing taxation? That is what is meant by the 1s. 6d. ratio. For the permanent benefit of nobody.

Well, Sir, in conclusion, I will only appeal to the Honourable Members of this House to think over this matter most attentively. It is, Sir, a most momentous issue in the present state of the country. Let them not think that it is a political issue; let them take it to be a purely economic issue. Let them think that the poor people of this country will suffer to the extent of 40 crores of rupees—the poor people who have not even sufficient money for their food and for their clothing. Let every Honourable Member of this House think what action he is taking in this respect and let him think this with the fullest responsibility. Let the Honourable Members of this House once at least show to the popular Chamber that our friends there have committed a mistake. As this body, Sir, is meant for revising the deliberations and the decisions of the popular Chamber, let this House once at least in its life show that it is really doing this in the right way and that in the interest of India, in the interest of the poor people of India. With these words, Sir, I move my amendment.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadian). Sir, the ratio war which has been raging with so much fury and bitterness for more than a year, is well nigh over now, and 18d. has come out triumphant from the field. The poor old 16d. has sought refuge in this House, beaten and vanquished. Unfortunately, there are only a few of its adherents left here and they are powerless to help it. So 1s. 4d. is doomed for ever and is only awaiting the inevitable hour. I am trying now to give it the last dying dose, to see if it can be brought back to life. (Laughter.) There is an old proverb, Sir, which says "Fail not to administer medicine to a dying patient to the very last, for, perchance, a sudden change for better may come". (Laughter). With this hope, Sir, though it may be, I am hoping against hope, I support this amendment to-day.

The 16d. ratio has long held the sceptre and has enriched the people of India by bringing the balance of world trade, entirely in her favour, for nearly two decades. Then came the World War to disturb the tranquillity and equanimity of India and to hurl headlong down the 16d. ratio. After a series of claims and counter-claims, when 20d. and at one time even 28d. strove for supremacy, the Government of India, which is the final arbiter of the destinies of ratios, recommended 2s. (gold) to be stabilized and enthroned. This was in the year 1920. But the attempt to maintain the rate at 2s. gold was not successful. By January 1923, the tide had definitely turned; exchange recovered to 1s. 4d. sterling. This was the proper time to stabilize it, to restore it to the throne it had lost ten years ago. But, instead, the Government of India, subtle ratio-makers as they are and reputed to be by tradition and history, manipulated the ratio for nearly three years so that it might not exceed 18d. gold or go

below 18*d.* though at one time in October 1924, much against their wish, it showed a tendency to fall down to 16*d.* nearly. Thus, the 18*d.* ratio has become a *de facto* ratio and its stabilization was recommended by the majority of the Royal Commission on Currency, one solitary soul, Sir Purshotamdas Thakurdas, alone dissenting and upholding the claims of the 16*d.* ratio in the interest of India. This new ratio has since been formally blessed by the Government and sprinkled by the Legislative Assembly. We are asked to-day to say "Amen" and sing the finishing chorus before the 18*d.* ratio is finally placed on the Statute-book. This in brief, Sir, is the history of the ratios. Sir, going through all the evidence and judging from the Government's past foibles and follies and the iniquities to which the people of India had been subjected as a result of the Government's suicidal exchange policy, I, a layman, am inclined to believe that the 1*s.* 4*d.* ratio is best suited for a country whose main industry is agriculture and whose commerce mainly consists in the export of raw produce. It is said that the 1*s.* 4*d.* ratio affects the interest of the consumer, the employees, wage-earners and labourers. These classes form after all a small portion of the population, about 21 per cent. or so. Moreover, every middle man who is a consumer, every employee, except European officials, whose stake and stay in this country are very little, every wage-earner and labourer is a land owner with small or large holdings and the first investment of his saving—his first provision for the future—is in land. His shrewdness, his frugality and his faith in the possession of land as the one and only stable asset of a family which cannot be robbed or lost or depreciated by currency fluctuations and the like, induce him to adopt this course. So, in reality, the entire population of India will be hard hit by the 18*d.* ratio, being all of them agriculturists in the strictest sense of the word. The plea is put forward that by the 18*d.* ratio the producer will be benefited to a considerable extent by the cheapness of some of his imported necessities, such as cloth, kerosine oil, matches, etc. But in a lean year the plight of the agriculturists will be deplorable. In India produce depends on rain. The four unusually good monsoons in succession have helped the Government to maintain the higher ratio. How this ratio would stand under famine conditions has yet to be tested:

"A higher exchange tends to encourage imports and to discourage exports. As the export trade of India exceeds her import trade, the country in the balance loses by a higher rate. Besides, the nascent industries of the country are likely to find the competition of the well-established foreign industries, keener, as the result of the new rate and the effect of the policy of discriminating protection will be considerably diminished. These results may be more or less temporary but they will none the less be important. Something may, no doubt, be said on either side of the question. But when one carefully weighs the pros and cons of the case one will perhaps arrive at the conclusion that the 1*s.* 4*d.* ratio is more easily maintainable than the higher ratio and that it is likely to prove more beneficial to the people as a whole."

This is the opinion of an Indian—the Minto Professor of Economics of the Calcutta University. Here is another unbiassed opinion of a European economist. Sir James Wilson, K.C.S.I., who was distinctly in favour of the 1*s.* 4*d.* ratio in 1923 when the statutory change was 2*s.*:

"A further rise in the exchange value of the rupee would be favourable to Indian finances in so far as India has to pay external debts in gold or in sterling. It would also tend to cause a fall in prices measured in rupees in India, and would therefore be favourable to all who receive salaries or wages fixed in rupees and to all creditors in India, whose credits are fixed in terms of rupees. On the other hand, it would be unfavourable to all producers of commodities in India and especially to the great mass of the agricultural population who have produce to sell and to all debtors in India."

[Dr. U. Rama Rau.]

whose debts are fixed in rupees. On the whole it seems to me that the fairest and most practical solution of the question would be to abandon the attempt to raise the value of the rupee to anything like 11·3 grains of fine gold and to aim at the permanent re-establishment of the pre-war rate of 7·5 grains of fine gold—that is, one-fifteenth of a sovereign or 16d. per rupee measured in gold. I think that the Secretary of State should announce this to be his policy, and the Government of India should pass an Act declaring that the sovereign shall again be legal tender for Rs. 15."

In the face of this disinterested statement from a high authority on finance, whom the Royal Commission had consulted, that the Commission should declare 1s. 6d. as the proper ratio and the Government of India should accept it as gospel, and begin to legislate on that basis, seems strange indeed. Evidently the whole thing has been pre-conceived, pre-arranged and the Royal Commission merely came here to dance to the tune of the Government of India and say ditto to their views. They considered the best interest, not of India but those of foreign importers and of European salaried officers. The statement that was made by the currency commission that the prices had adjusted themselves to the new ratio is rebutted by the Agent, Central Bank of India, Ltd., Burma. He says:

"They (the Currency Commission) recommended stabilization at the *de facto* ratio of 1s. 6d. on the ground that Indian prices have adjusted themselves to the new ratio. Their arguments are unconvincing and subsequent events have amply shown that adjustment is yet to come"

Lastly, let me quote the honest opinion of a highly-placed official—the Commissioner of Income-tax of the Government of the Punjab,—a purely agricultural Province. He said:

"Its (the new ratio's) drawback is that in benefiting the consumer, importer and creditors at the expense of the producer, exporter and debtor, it is likely to operate to the disadvantage of the agricultural community; that is to say, to the disadvantage of the majority of the country."

Thus it will be seen that the consensus of opinion is overwhelmingly in favour of the 1s. 4d. ratio. The majority of unprejudiced Indian opinion and unbiassed European opinion favour the 16d. ratio. I, for my part, Sir, am opposed to any legislation which places the vast agricultural population of this country at a disadvantage. The new ratio is *another form of tax on the agriculturist and an effective substitute for the provincial contributions* which have since been remitted. I am sure Honourable Members of this House, who have large agricultural holdings, will not accede to a measure of this kind. India's agricultural indebtedness is appalling, and it was only the other day that this House adopted a Resolution asking the Government to establish Land Mortgage Banks to relieve the agriculturists of their indebtedness. If this House should now approve of the new ratio, their indebtedness will only be augmented. Let us not snatch away with one hand what we have given with the other:

"Indian Currency must be controlled to suit India's needs and interests compared to which outside credits and interests should sink into insignificance."

With these words, Sir, I support the amendment moved by my friend the Honourable Seth Govind Das.

THE HONOURABLE SARDAR CHARANJIT SINGH (Punjab: Nominated Non-Official): Sir, I rise to oppose the amendment.

The question of currency is of very great importance to every citizen, however humble his position or remote his occupation. Next to the

constitutional question the operations of the financial world affect all classes in the country and with the industrial awakening which is making itself felt day by day in India the value of the rupee is of vital concern. On this would depend whether each citizen's income is increased or decreased.

In spite of a certain amount of controversy the better opinion in India has repeatedly asked for the gold basis. The basis of gold is really the best and the safest basis in all the world. This ought to mean that any body has the right to go to the authorities who issue the rupees and notes which make up the currency and demand solid gold in return for those rupees or notes. This right, if absolutely unrestricted and free from any conditions as to the use to which gold is to be put should prove of great value. It would mean that each rupee would be accepted at the value which is now fixed, and thus the value of the rupee would be absolutely guaranteed by the right to exchange rupees for gold bullion. Some of the most important questions are at stake for the people of India on the decision that is taken in this matter. If the rupee is standardised at the rate which has been prevailing for nearly three years, and if the standardisation prevents considerable fluctuations, it should have a steadying effect on the speculators who have suffered so heavily in the past. Again every rupee which each citizen possesses would be worth 18 annas or 8.47512 in gold, whereas if it was fixed at 1s. 4d. it would be worth 16 annas or 7.53344 in gold. This shows that at 1s. 6d. we can buy .94168 grains more of gold for one rupee. But if the rupee goes down to 1s. 4d. living all round will go up by 12½ per cent. Though its bearing may generally be not appreciated, the fact remains that at 1s. 4d. a person whose income is Rs. 1,000 a month would lose Rs. 1,500 every year. Railway stores and other things that have to be imported from other countries would go up in price,—railway fares would have to be increased—the price of foodstuffs will not remain unaffected. All this would mean a heavy loss to the public. Moreover, we know that the Government of India has to pay large sums in England as interest on capital invested in India, in wages, pensions and so on. With the rupee at 1s. 6d. every pound sterling which will be paid in England would cost only Rs. 13-5-4, but if the rupee is fixed at 1s. 4d. each pound sterling would cost India Rs. 15.

Taking the figures of next year, with the rupee at 1s. 4d. the Home charges would mean 53,25,00,000 and at 1s. 6d. 47,33,33,333-5-4. This shows that on Home charges alone we would be saving no less than 5,91,66,666-10-8. Moreover, we have to pay a debt of 369 millions sterling, including the railway debt. At 1s. 4d. we shall be required to pay Rs. 5,53,50,00,000 in order to liquidate that debt, while at 1s. 6d. we shall have to pay only 4,92,00,00,000; in other words we shall have to pay Rs. 61,50,00,000 more at the rate of 1s. 4d. As regards the rupee loan, it has to be paid in rupees so the question of exchange does not arise. Surely no one can say that these are inconsiderable or negligible amounts. As regards agriculture I have heard it said that our exports will suffer. I confess I have not been convinced of the accuracy of this statement. During the last 3 years when the exchange has been practically at 1s. 6d. the exports did not go down; on the other hand the statistics show some increase. For instance export in 1913-14 was 249 crores and in 1925-26 385 crores, i.e., an increase of 136 crores. This shows that export does not depend on exchange but on supply and demand. Secondly, although every pound which we shall get in return for our

[Sardar Charanjit Singh.]

exports would be worth Rs. 13-5-4 it must not be forgotten that there will be a corresponding increase in the number of pounds which we shall draw from other countries. At the same time, agriculturists will be distinct gainers. The producers will get 12½ per cent. more for the produce sold by them.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: How?

THE HONOURABLE SARDAR CHARANJIT SINGH: Every rupee they will get will be worth 18 annas instead of 16 annas. That is how they will gain. Secondly, the Agricultural Commission is now sitting with the object of devising means for the improvement of Agriculture. It does not require much anticipation to say that one way of improvement lies in the use of scientific methods for which you require machinery. At 1s. 6d. you would be able to get all the necessary machinery at 1-10-8 per pound cheaper. Would not this be a distinct gain? But if you have to pay 1-10-8 more would not agriculture be hard hit by it? To raise the cost of agriculture by 12½ per cent. cannot certainly be considered an act of befriending the agriculturists who comprise no less than 80 per cent. of the population. In every country in the world the ambition of the people is to see that its currency does not get depreciated. Where it has got depreciated the plight of the country is most unenviable. Take for instance the case of France where the value of the franc has gone down, and the frantic efforts which her Statesmen have made to raise its value. In our country the value of the rupee went down in 1895. The result was that we had recurrent deficits in the Budget for several years, so much so that in 1898 we were obliged to borrow 20 millions. I think I have made clear that if the rupee goes down in value the expenses of the Government would be largely increased—that India would be to the bad to the extent of not one nor two but several crores of rupees every year. Now how is that deficit going to be made good?

Is there any other way but to raise it by extra taxation? Now I ask in all seriousness: Is there anyone who is prepared to vote for fresh and increased taxation? I for one have no hesitation in saying that I am absolutely against fresh and increased taxation, and in saying this I am sure I am voicing the feelings of a large number of my countrymen. India is already burdened with heavy taxation. Our aim and object should be to reduce and not to increase it. In their reduction lies the contentment of the people, an asset which no people and no Government can afford to ignore. But if you raise your expenditure what hope will there remain of reduction in taxation and of the remission of provincial contributions on which the future of our nation-building departments depends? I therefore strongly support the 1s. 6d. ratio and oppose the amendment.

THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI (East Bengal: Non-Muhammedan): Sir, I rise to support the amendment moved by the Honourable Seth Govind Das.

Its object, I submit, is to fix the rate of exchange at 1s. 4d., the old rate which prevailed for a long time in this country before the War. Almost all the countries in the world have, or are trying to have, the rate prevailing in them before the War re-established and I do not see why in the case of India it should be otherwise. Specially so in

the case of India which is an agricultural country and is therefore likely to lose heavily by this inflation of the rupee. Not only will agriculture suffer, but the industries of India, which are now passing through a severe crisis, will also suffer from a keen competition with foreign countries. Hardly ever can any measure be introduced which thus simultaneously and seriously affect all the sources of wealth that a country can produce. The Honourable the Finance Minister has himself acknowledged that this will be the result but he tries to minimise it by saying that the results will be temporary and that the trade of the country has been adjusted to the 1s. 6d. ratio, and a reversal of the ratio would involve uncertainty and disorder in the trade and commerce of the country. I am not, Sir, an expert about this question, but I submit there is a great difference of opinion among the experts as to whether such adjustment has really taken place, and in the face of this dispute I do not think it advisable to take a step which is calculated, even though it may be temporary, to prejudice the agricultural and commercial interests of the country. No doubt the interests of labourers and wage-earners will be prejudiced to some extent, but hardly can any measure be adopted which is calculated to benefit all sections of Indian interest. The true test in such a matter should be whether the measure is calculated on the whole to benefit the majority of interests in the country. If any measure satisfies this test it is sure ultimately to result beneficially for the other interests also, because the interest of all classes depends upon the general interest of the country. If industry and agriculture prosper, these being the chief sources of wealth it involves the prosperity of the wage-earners and labourers both agricultural and industrial. Contractual relations also, which were based upon pre-war conditions, do not suffer by the establishment of the pre-war exchange. The addition to the salary of Government servants, based upon the Report of the Lee Commission, will not suffer, as the market rate of exchange then prevailing was 1s. 4d. The land revenue system, based on the permanent or long-term settlement system, also does not suffer. The relationship between creditors and debtors, so far as agriculture and industries are concerned, do not suffer as the debts incurred by the agriculturists and industrialists are also incurred for long periods.

The 1s. 6d. ratio is also objectionable from another standpoint. This ratio has been maintained by a manipulation of the exchange and by the deflation of the gold standard and currency reserves of India to the extent of about 25 million pounds. If this ratio is to be further maintained by the depletion of our reserves, the chances of establishing a gold standard of currency will become more and more remote. When we cannot induce America and England and other countries to part with their gold, any artificial lowering of its price in India is bound to result in an export of gold from India. This will also render the chances of our establishing a bullion reserve more and more remote.

Another objection raised to the establishment of the 1s. 4d. ratio is that it will render the Government Budget deficient to meet the expenses of administration. On this point also expert opinion is at variance. The debt redemption policy of the Government requires modification. Our public debt is more productive than that of England, yet we have adopted a policy of debt redemption far in excess of that of England. Income-tax also is bound to increase, while customs may diminish, but taking all things together, the Government, I submit, will be able to manage even

[Mr. Kumar Sankar Roy Choudhuri.]

though the 1s. 4d. ratio is adopted. Government say additional taxation will be necessary. Its very necessity will induce them to reduce their expenditure, instead of their going on merrily embarking upon the expenses of administration. More taxation, even if it is necessary, will be directly imposed and upon people capable of bearing it instead of being indirectly levied upon people hardly able to bear it and this is done to serve the interest of foreign trade in India.

The Council then adjourned for Lunch till Half Past Two of the Clock.

^{11.50 a.m.}
The Council re-assembled after Lunch at Half Past Two of the Clock, the Honourable the President in the Chair.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in accordance with rule 25 of the Indian Legislative Rules I lay on the table a copy of the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax thereunder, which was passed by the Legislative Assembly at its meeting held to-day.

DATE FOR THE CONSIDERATION OF THE INDIAN FINANCE BILL, 1927.

THE HONOURABLE THE PRESIDENT: I think before we return to the Currency Bill we should try and arrive at some decision as to when the House will proceed to the consideration of the Bill which has just been laid. I should be glad to hear the views of Honourable Members on that point.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce): Sir, if it could be arranged I think it would meet with the convenience of the Members of this House if we could consider the Finance Bill to-morrow. At what time to-morrow of course I leave to you, Sir, to suggest; but as the Members of this Council have been kept at Delhi for a considerable time many of us wish to get away as soon as we can, and if the Bill we are discussing now, that is the Currency Bill, is finished to-morrow morning, I suggest it might be possible to continue direct with the Finance Bill. Such amendments as may be intended for the Finance Bill can, I think, be put in in time.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, I quite endorse the opinion of my friend Sir Arthur Froom; but at the same time I think that it would be advisable to have the debate on the Finance Bill on Saturday morning. I do not know the view that other Honourable Members entertain on the subject because of course they will have to give notice of amendments also; but I am afraid that we will not see the Currency Bill through this evening, because I may say candidly that I have to speak a great deal both on the ratio

question and on the gold currency question and the demonetisation of the sovereign; and we also, Sir, have been invited to attend a party this evening in honour of our colleague Sir Purshotamdas Thakurdas and I should like myself to attend that party very much. I would therefore suggest that we work till 5 this evening and that further discussion may take place to-morrow morning on this Bill and on the Finance Bill on Saturday.

THE HONOURABLE SETH GOVIND DAS (Central Provinces: General): I think we better fix the discussion for to-morrow, so that if we dispose of the Currency Bill before lunch time, we can very well take up the Finance Bill after that. In case we do not finish the Currency Bill before lunch, we can take the Finance Bill the day after to-morrow. If you decide that all amendments should be sent in before 12 or 1 o'clock to-morrow afternoon we can very well take up the Finance Bill to-morrow evening after lunch and can discuss the Finance Bill on general lines to-morrow while the amendments could be moved the day after. But suppose you fix it for the day after to-morrow, it might take another day and we may have to sit on Monday. If it is fixed for to-morrow after lunch then we can dispose of some part of it to-morrow and some on Saturday, and in that way we may be able to finish the business by Saturday evening, and we shall not have to meet on Monday; while on the other hand if you fix it for the day after to-morrow we may have to sit on Monday. Therefore, in my opinion, it is better that we should take the Finance Bill into consideration to-morrow.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab: Nominated Non-Official): I think that is better, Sir.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I disagree with my Honourable friend Seth Govind Das and I endorse what has been said by my friend Sir Maneckji Dadabhoy, that the consideration of the Finance Bill be fixed for Saturday.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, I would prefer that the Bill be fixed for discussion on Saturday, because one would like to know what amendments are coming on, for which at least some short notice is required. It will I think meet the ends of the case if we fix Saturday.

THE HONOURABLE MR. MANMOHANDAS RAMJI (Bombay: Non-Muhammadan): Sir, I think if we take up the consideration of the Finance Bill as soon as we have finished the present Bill it will be much better because it will give us more time to discuss it and we will be sure of finishing the discussion of that Bill by Saturday evening.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras Non-Muhammadan): I agree, Sir.

THE HONOURABLE SIR ARTHUR^{*} FROMM: Might I explain, Sir—I am not stating another argument—that with reference to what the Honourable Sir Maneckji Dadabhoy has said I have no intention of wishing to cut short the discussion on the measure which is now before us. My idea is that if this discussion on the Bill goes on to-morrow we might reasonably hope to continue with the Finance Bill afterwards. I do not subscribe to the idea of social functions interfering with the business of the House, considering that last week we might have had a week's social functions to only one day of business.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I think it would be difficult to get in amendments in time, and to allow of sufficient notice being given of amendments so that they may be studied and considered, if it were proposed to take up the Bill to-morrow afternoon. It would be better if the Bill came on on Saturday morning, which would give us time to study amendments before they are taken up.

THE HONOURABLE THE PRESIDENT: I think Sir Maneckji Dadabhoy's estimate of the time that the Bill now before the House will take is probably correct and it is not likely to be finished before lunch time to-morrow. If we proceed then to the consideration of the Finance Bill, I fear that it gives Honourable Members very little time to study what they have to say on the Bill as a whole and on the amendments which will be put in and of which they will have had extremely short notice. I think, therefore, that it would better serve the interests of the House as a whole if I did not cut short the period of notice to the extent that has been suggested by the Honourable Sir Arthur Froom. I shall be prepared to allow the motion for consideration to be made on Saturday morning.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadan): What is the time we get for sending in amendments, Sir?

THE HONOURABLE THE PRESIDENT: Rather less than two days' notice will have been given of the Finance Secretary's motion for consideration, but I think that the Bill having now been laid Honourable Members should be able to hand in their amendments by noon to-morrow. Twelve o'clock to-morrow for amendments to the Finance Bill. We will now resume discussion of the Bill before the House.

CURRENCY BILL.

THE HONOURABLE COLONEL SIR UMAR HAYAT KHAN: As this amendment brings up the same issue, I oppose it because, Sir, as a great deal of money has already been cut by the reduction of the revenue from salt, if more money was also cut, we would have no provincial contributions and the consequence will be that either the provinces would have to levy more taxes on agriculturists as well as on others or most of the Departments would not have the money required by them. In the other House, Sir, most of our Punjabis who voted for 1s. 6d. had the same idea, that if the provinces did not get sufficient money, perhaps the water rates which have been levied in our province would not be reduced as promised and even a good deal of the contribution for the provinces will be done away with; so if those great benefits that we are thinking of having are lost by accepting this amendment, I must on behalf of the Punjab, Sir, and also on behalf of all those who are adversely affected by it, vote against it.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, the discussion of this Bill generally and this part particularly is so full of technicalities that I am not surprised that my Honourable friends have been more or less speaking like financiers and trying to go into all the technicalities of that matter. Unfortunately, Sir, I am not a financier but I shall take a commonsense view of the matter. It was very amusing this morning, Sir, when it was said that if we do not have this 1s. 6d. ratio, then there would be a deficit and there would be fresh taxation, that the

deficit has been covered by this new ratio and it will not be so covered, and so on, as if taxation and currency were not the same thing. I ask, how was the Honourable the Finance Minister able to get over the deficiency without levying additional taxation? I contend, Sir, that we should look at it from a commonsense point of view. Whether you allow it to be known as a tax or do not allow it to be known as a tax, you recover the money all the same, because it has to come out of the pockets of somebody: and I submit it is taxation. One is express taxation and the other is concealed taxation. You raise the price of the rupee, and then you compel every man to bring in more commodities for the same rupee, and that surplus of commodities you take out; and then by making the rupee worth 6, 7 or 9 annas, for each rupee you take the remainder of the 9 annas, put that into a fund called the Reserve Fund and then, out of it, meet all these things; it, after all, comes out of the pockets of the poor agriculturists. That is what I wish to contend. I do not understand all the technicalities, but I understand this that the Government gave numbers of people to understand for thirty years that each one of them should pay so much. Suppose, for example, that I agreed to pay Rs. 100. Now that Rs. 100 has been converted by this currency legislation into something like Rs. 112 and odd annas. I have got nominally to pay Rs. 100 but I really pay commodities worth Rs. 112, so my rent gets raised by this manipulation or whatever be the proper term, money being made more valuable, by appreciation, the number of rupees remaining the same, but I have got to part with commodities worth $12\frac{1}{2}$ per cent. more—and those commodities the Honourable the Finance Minister takes hold of to cover deficits, to pay off old debts and to give remissions and even to afford relief to the provinces. After all, however, it comes back to the same thing. This threat of there being a necessity of taxation if this 1s. 6d. is not maintained to my mind is like the old story of a gentleman asking his boy to get up in the morning and go about asking for alms, and he always said, "If you do not do this, you will have to beg hereafter." So the son replied, "If I shall not ask for alms, I shall have to beg, it is the same thing." So, Sir, this plea of there being additional taxation sounds to me somewhat comical.

There was another thing. My Honourable friend sitting opposite said, "Well, after all, it does not much matter". Well, not being a financier, I collected some opinions of experts from those large books which I borrowed. These experts said, and both sides are agreed, that if you raise this ratio now from 1s. 4d. to 1s. 6d. or if there is any change of ratio, for some time, for a short time—some say 3 years, others say 5 years, others say 10 years,—they say there is a period of what is called adjustment which extends up to 10 years (generally, it would be 10 years because India is a slow-moving country, and its concerns are agricultural, and commercial concerns get adjusted sooner than agricultural concerns, and so on), so that during these 10 years there will be some inconvenience; it is agreed both by the Honourable the Finance Minister and also the other people, that during this period the agriculturists will suffer. There is no doubt about that. That may be taken as a fact, it is admitted by experts on both sides. I have a list of those opinions, but I do not want to labour the point; it is admitted. There is the Honourable Mr. McWatters sitting there who submitted a memorandum to this Commission, and it is admitted in that, and it is admitted in various places; so during this transition period or adjustment period, these agriculturists are bound to suffer because, having agreed to pay so much rent in rupees and the rupee being

[Mr. G. S. Khaparde.]

raised, you have got to give more commodities to make up that amount. It is like—to give a common example—my having agreed to pay 10 seers as the rent; the sowcar says, "Yes, but I agreed when the seer consisted of so many tolas, but now, necessities have compelled me to raise it; so my seer will consist of 45 tolas"; and then the poor agriculturist has got to give it. So it comes back to the same thing. By raising the value of the rupee, you have raised the rates and the rents of agriculturists, and this is admitted by financiers on both sides. Then another argument is, just as the Honourable the Finance Minister put it in the other place, "For a time they will have to suffer, but not for long, and this is the period of transition; it does not much matter." Well, this is a very good argument to use on the part of my Honourable friend sitting here that it does not matter much, but I say it does matter very much now. As it is said in England, toothache is bearable to everybody except to the man who has it. Everybody is very happy about it except the agriculturist; everybody will be very happy indeed; but how about the poor agriculturist? Oh, for only a short period—it is said,—for ten years till the transition period is passed. (*The Honourable Sir Maneckji Dadabhoy*: "We are at the end of it.") No, the transition period still exists. (*The Honourable Sir Maneckji Dadabhoy*: "No.") I ask you one question: "Have Government made an adjustment, for example, of all these allowances for exchange? Have the increased allowances been cut down in this year's Budget?" Then adjustments have not taken place. The officers still draw their exchange allowances and whatever the Lee Commission gave them—it is all there. How do you talk of adjustment having been made? You mean to say that the merchants have been able to adjust their prices? I should say that adjustment has not taken place. I would have said that the adjustment has taken place if in the Budget which is coming on later we had shown so much saved on account of exchange being raised by 2d. and the allowances we made at a time when the exchange was 2s. had been saved. I can understand that at least Government have made the adjustment. Nobody has made any adjustment so far as I know, and in the case of the agriculturist, he is a peculiarly unfortunate man in India. The price of his commodities is determined by competition in the open market. At home he pays what is called customary rents and customary dues. It is so in Maharashtra and I believe it is also the same everywhere else. Agriculturists always fall back upon custom, whether it is in England or India or anywhere else, and what are called customary wages are given to their own people. For that if you want to know, please read "Tudor Farm" that was published by Marie Corelli a few years ago and you will see how the thing goes on. Even in India the agriculturist pays so much to the village watchman, he pays so much to the village mahar; in the old days they were called Alukas and Balukas; in the present day they are known as customary rents for customary services. The agriculturist pays his customary dues and his price is only regulated by competition in the open market and there also his rupee is liable to be changed from 18 as. in the rupee. So the poor agriculturist is pressed between two stones of the mill and ground down straight off. And yet they say, "Yes, he will be profited." An argument was adduced to the effect that on marriage occasions the agriculturist wants English and foreign cloth and therefore he profits to that extent. That is a very good argument and I was surprised to hear it from my Honourable friend, who is a great landlord and who has got many tenants. On the one side, we say that the tenant is a very improvident man who spends too much on marriages, and so we take care

to take out of him as much as possible and leave him nothing. It is further said that he benefits when he buys fineries. But the poor man has mortgaged his property and his rights and bought a few fineries and for that my friend takes him to task.

Again it is said that this is only for a period of ten years and that the period will pass away. But a period of ten years means life and death to the poor man. It is all right for others. What does it matter? Epidemics will kill a thousand people in ten years, another thousand children will be born and the population will be the same. War kills so many people; other people get born and so what does it matter? Similarly, a Vedantee of my school will say in Egypt there was so much civilisation, the graves have shown so much civilisation, and what is Egypt to-day? Egypt was inhabited by people who knew nothing about these graves and probably were somewhat barbarous. What does civilisation matter? Let it be anything you like. These are all false arguments. No administrator ought to use these arguments. An administrator should take notice of the slightest injustice to anybody. Government exists to remove injustice and we all come here to cure present evils. If you say that these evils will pass off and you will have a period of plenty, I do not believe it. You are the administrators; administrators ought to see that no injustice is caused to even a single being. If you want to raise the rupee, give remissions to agriculturists, reduce the salary wherever exchange allowance has been paid, give remissions to these people and then I will understand that you are doing something already. My friend says that the period has gone. As I said, it has not gone. Even the Government have not begun to do it and who else can begin? Can the villager do it? So, this period has not passed. We are in the middle of it. If I may make bold to say, we are in the beginning of it; and the beginning of it is bad enough. In my province, as I see, partly even in this Imperial Capital in Delhi, you go about and give a ten rupee note to a shopkeeper and see if he cashes it. He sends it on to his neighbour and the neighbour sends it on to a third man and the note has got to go a good deal round before it can be encashed. Not that they are not worth money, they are worth lakhs, but they have not got ready money. Money has been so much taken away from the market that I have seen people able to pay, willing to pay, having great substance to pay, have not got ready cash; and therefore a new trade has arisen in the country which probably those who have watched the markets, as I have done, will know; a new trade has arisen, because foreign companies or other people come and purchase cotton and give you these notes. For Rs. 1,000 the man gives you ten 100-rupee notes. The villager must take it. He does not like it. He does not understand it. But it is legal tender. If he did not he would be liable. He does not know what to do with it. He has got to make his purchases in annas, in half-rupees and in quarter-rupees. So he goes about to a money-changer and says, "Take the hundred-rupee note and give Rs. 100." The money changer says "If you agree to pay one anna in the rupee I shall give you cash and not otherwise." So, the poor man has to pay one anna in the rupee and for Rs. 100 he pays 100 annas and he gets the Rs. 100 minus 100 annas. So much of currency has been withdrawn, which has made money scarce, and then you raise all these things. What is the poor man to do? He has got his wife starving at home; he does not care for one anna. A new trade has arisen in my province and elsewhere where the money-changer sits. You could not complain; if the police knew they would take hold of the man and probably prosecute him under some section

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of the Penal Code. So the money-changer makes an agreement that this matter should not be told, that he takes one anna for each rupee; and he says "If you do, I will never pay you and nobody else will" . . .

THE HONOURABLE THE PRESIDENT: The Honourable Member's story is very interesting, but I shall be glad if he will come back to currency.

THE HONOURABLE MR. G. S. KHAPARDE: I am coming back to it.

THE HONOURABLE THE PRESIDENT: He is talking about moneylenders and moneychangers.

THE HONOURABLE MR. G. S. KHAPARDE: A new trade has arisen because of this difficulty of money, cash and on account of notes. I mention all these things to show that the agriculturist will be ground down, will suffer tremendously, as admitted by all financiers, on this account.

Another point which has been admitted is after all even if it is true that the exchange has risen to 1s. 6d. it is only within the last two years and not more. The period of adjustment cannot possibly have passed. It takes in England more than two years to make adjustment. The third point that arises out of the same thing is that these constant changes that take place, how do they take place? In this particular instance, did it arise by itself and for any external cause or was there any cause by which this currency was raised? The rupee was made worth 18 annas. I think there are those telegrams published. I do not want to read them; they were read in another place, but those telegrams show distinctly and clearly that this has to be done by some Commission of some kind. I believe I am quoting the very words "by some Commission of some kind" and this comes and the thing is done. I do not attach much value and I do not put any sinister interpretation on this, but I submit there is a great deal in the argument that has been raised that it has not naturally risen to 1s. 6d. but by contraction and other various methods available. As I have seen, once it happened in a case; there was a difficulty, witnesses for one side said that all that took place under a tree; the other side witnesses said that there was no tree at the place. The Court said, "I will go and have a look at the tree." The Court fixed a day and on the day on which the Court went, they found a big tree grown there to a tremendous height. If the dimensions of the tree had been taken, it was higher than even when seen by witnesses. I happened to be appearing in the case; we looked it up and in one night a huge tree was bodily transplanted there by people of resources and it was said, "Here is the tree and under this tree we did it." What can you do? It is something like that. They have been raising exchange by contracting currency and so on and they say, "It has risen and it has been there for two years." I submit that there is a great deal in the argument advanced, as I also urge it here, that currency has been manipulated and that something like 23 crores of rupees have been spent in maintaining exchange at 1s. 6d. up to this time.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Not rupees, but 25½ millions gold sovereigns.

THE HONOURABLE MR. G. S. KHAPARDE: It may be, I am very bad at figures. At any rate it takes so much money to maintain it at the point they want to fix it at so it is not a natural rate. The 1s. 4d. rate has this recommendation that for years it continued at that and there is a tendency to fall to that, and to prevent it falling to that we spend so much out of the reserves. Taking this into

consideration, the main grounds on which 1s. 6d. has been brought in, fail; first that it rose by itself. I deny that; second that it remains there. That also I deny, because you have to spend so much out of reserves, and also that there has been an adjustment to prices. That also I deny. So as all the grounds given by the Commission fail, I cannot possibly accept them. One gentleman in the other place quoted Taylor on Evidence to show what value is to be attached to the evidence of experts. Experts are very good people, but are likely to depend too much on technicalities and often go wrong, and if you point it out they become very angry and say, "You do not understand." I remember in 1919 when I was a young Member of the Council and very shy, they raised the rate to 2 shillings. I opened my eyes and suggested to a Member, who as he is not here I shall not name him, can you have this? And he said, "You do not understand." He said "You do not understand and you will have plenty of money here and this will be so much and so much." I submitted to that opinion, but within one year they could not maintain it at 2 shillings, the thing fell down and we got into a tremendous mess and there were nickle coins brought out for us to see. When I say this is the kind of thing that happens I am told, "You do not understand." What is a poor man to do? I am afraid something of this kind is going to happen now. These two pence look very small and these things looked very small then, but within a year it came down. I do not prophesy, but within a short time this difficulty will be found and trouble will arise out of it. World prices cannot be controlled. This is an attempt at controlling prices. Stability of prices means you want to keep the prices at a particular level. You might as well talk of stabilizing the wages of the sea as talk of stabilizing prices; you cannot do it. World prices cannot be controlled by any Government that exists. Similarly, world prices must have their effect on internal prices, that cannot be prevented by anybody, and the repercussions will lead to changes, and no kind of financiers or no kind of laws will prevent it. Therefore, this attempt at controlling the waves, this attempt at binding down the wind not to blow at a particular rate and limiting the speed of it, all these attempts will ultimately fail, and I am unwilling that we should embark on this kind of adventure at this time. We are not speaking of gold currency yet. When we come to it, I shall submit any observations I have to make. India will be the only country in the world which has not got a standard coin. It has a standard coin, but that coin like a mythical pound is to be conceived but not to be seen. It does not exist and a large country like India is to exist without a coin of its own. All the other coins are token coins. The rupee is a token coin, the copper coin is a token coin

THE HONOURABLE THE PRESIDENT: I am afraid I shall not be able to allow the Honourable Member to repeat these remarks on the motion to which he refers. The Honourable Member said he would not speak on this point and then proceeded to do so.

THE HONOURABLE MR. G. S. KHAPARDE: I shall not speak on that debate, and I will finish it now.

THE HONOURABLE THE PRESIDENT: The question is an eighteen pence or a one and four penny rupee.

THE HONOURABLE MR. G. S. KHAPARDE: I am pointing out that India has only token coin

THE HONOURABLE THE PRESIDENT: The Honourable Member knows his remarks are entirely irrelevant.

THE HONOURABLE MR. G. S. KHAPARDE: My contention is that a standard coin means

THE HONOURABLE THE PRESIDENT: The Honourable Member knows he is not in order. I must ask him to resume his seat.

THE HONOURABLE SIR MANECKJI DADABHOY: Sir, I do not profess to be an expert and I perhaps agree with the observations in connection with experts which fell from my friend Mr. Khaparde. I prefer to be a humble practical financier and I somewhat understand these questions and I look upon them from that point of view. As I said this morning, there is unfortunately a great deal of misunderstanding on the subject owing to the technical nature of the matter and the real complexity attaching to it. It is perhaps not very widely understood what is really the function of the exchange. Exchange is simply a mechanism by which the difference in two prices are adjusted. And as it was very rightly pointed out in a very felicitous manner by the Finance Member, the fluctuations in exchange are produced by the mutual interaction of internal and external prices. So in consideration of this question of the ratio, we have mainly to look to one important aspect of it. We have to see whether the prices have in a preponderant degree or in some substantial degree adjusted themselves to the ratio which has prevailed for the last 2½ years. I pointed out this morning that the exchange has been 1s. 6d. in relation to gold since June 1925 and in relation to sterling since October 1924. So practically for a period of 2½ years this ratio has remained steady in India. Now what does this steadiness denote? It denotes, to use simple language—I will try and avoid as far as possible all technical language in order that my Honourable colleagues may understand me—if it denotes anything it is this that adjustments have already taken place and that prices have adjusted themselves to the ratio. We, the majority of the members of the Currency Commission, came to a distinct finding that prices had adjusted themselves in a preponderant degree during the last 2½ years to this 1s. 6d. ratio, and therefore we recommended that that ratio should be adopted and placed on our Statute-book in replacement of the 2 shillings inoperative ratio which has been existing since 1920. My friend Mr. Khaparde in the course of his speech to-day remarked that the adjustments would take place 10 years hence. There he is mistaken. In the first place he has not appreciated the nature of our findings. I will only draw his attention to paragraph 176 of the Majority Report, where we came to a finding on this matter and said:

“The Chief reason for this recommendation is our conviction which has been formed and cumulatively reinforced during the progress of our inquiry that at the present exchange of 1s. 6d. prices in India have already obtained a substantial measure of adjustment with those of the world at large, and as a corollary any change in the rate would mean a difficult period of readjustment, involving widespread economic disturbance which it is most desirable, in the interests of the people, to avoid, and it would in the end be followed by no countervailing advantage.”

It is to avoid this painful process of readjustment which would be involved by accepting or adopting the 16d. ratio that we recommended the 18d. ratio, and here our friends, Seth Govind Das this morning and Dr. Rama Rau wish India to go through that period of adjustment, that painful process of adjustment, and they want India, the country which they love and admire and for whose poor people they always profess to talk in this House, they want them to go through a long period of suffering again to make the fresh adjustment to 16d. The supporters of the 16d. ratio are

bent on snapping the natural tone and harmony of the world prices with internal prices which is the sole aim and purpose of stability of exchange and which India has achieved after much struggle and serious and somewhat hard process of adjustment simply for the purpose of rending the past and to achieve a new, artificial, and different level of ratio at some future time by further suffering and privation. (*The Honourable Seth Govind Das*: "Question.") I am sorry if you cannot follow me. So we adopted this 18d. because we came to the honest conviction, a conviction based on a large volume of evidence of expert witnesses that the safest thing for us was to adopt the 18d. ratio. What did we do by that? We have followed the precedent that had taken place in 1898 when the Fowler Committee's Report was written. At that time, as some of my Honourable friends may be aware, the ratio was fluctuating in an arbitrary manner. At the time that Commission was appointed the ratio was between 14d. and 16d. Some time before that it was steady at the figure of 16d. The Majority Report of the Fowler Committee, with the exception of two men, came to the conclusion that it was in the interests of India not to disturb the *de facto* ratio. They said that prices had adjusted themselves to the ratio then and therefore that ratio ought to be adopted. I would ask my Honourable friends here to bear in mind that the adjustment then was for a comparatively brief period, not even for six months; while in the present case the ratio has remained in force since June 1925 at 18d. and in relation to sterling since October 1924. I think it will enlighten my friend, Seth Govind Das, to know that we followed exactly that precedence and at any rate avoided the danger which was then contemplated; and let me also remind my Honourable colleagues that this Fowler Commission's Report has been the anchor sheet of Sir Purshotamdas Thakurdas because all his findings have been based on the line of arguments in that Report and I am quoting from a passage therefore for your information:

"Various proposals have been made for disturbing the existing rate by the substitution of another rate. It has been proposed to fix the rate at 1s. 1½d., 1s. 2d., 1s. 3d., and 1s. 6d. All these proposals are arbitrary and involve a dislocation of the existing ratio between rupee prices and sterling prices . . . We see no sufficient reason for altering the existing relations of prices and the essential conditions of contracts expressed in Indian currency or for reversing the course of exchange and return to some basis of value which may have prevailed during the interval period between the fall and partial recovery in the sterling value of the rupee and which does not possess elements of permanent stability in a higher degree than the present ratio. We are therefore of opinion that the permanent ratio should be that which has been adopted as the provisional rate in the past and which is also the market rate of to-day, namely, 1s. 4d. for the rupee."

The position is practically the same now to-day. At the time we wrote our Report, we found that the prices had adjusted themselves to the 18d. ratio and we were asked to go back to the 16d. ratio and for the very reasons that I have quoted above we could not see our way, in justice to India, to adopt any such impractical and unreasonable proposal.

Then, Sir, it has been argued here and also in the Assembly that 16d. should be adopted and the only merit on which the argument is based is that that ratio prevailed for a period of 18 to 20 years before the War. I do not know if my Honourable friends are aware that even during that period, when the ratio was maintained at 16d. there was no naturalness about it. The manipulation which is now being condemned and against which so much has been thoughtlessly said, had to be resorted to for the purpose even of maintaining it at 16d. during that long interval of twenty years which preceded the War. (*An Honourable Member*: "What did

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it cost the state to do it?") I cannot tell you those figures as to what it cost then; but if you will just bear with me for a little while I will convince you completely before I sit down. So you cannot get rid of the manipulation which you are now condemning; whatever ratio you may have, even if you have 16d., you will require some measure of manipulation in order to keep to that ratio. There will be circumstances when that ratio will be unhinged and some sort of manipulation will be necessary. I quote no less a testimony on this matter than that of Lord Montagu in the course of whose examination I brought out an important admission that even in the Bank of England they have to manipulate the gold exchange occasionally. So a certain amount of manipulation is always necessary. You cannot get rid of it; and because the Government of India have to maintain a certain ratio in order that the prices may remain adjusted at a certain figure, that does not necessarily show the wickedness of the Government of India. There is unfortunately a great deal of misunderstanding on the subject. People do not exactly understand what is meant by manipulation

THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: On a point of information, Sir, why was not it adopted

THE HONOURABLE THE PRESIDENT: Unless the Honourable Sir Maneckji Dadabhoy gives way the Honourable Member has no right to interrupt.

THE HONOURABLE SIR MANECKJI DADABHOY: I did not hear him, Sir.

THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: If manipulation is necessary, why was it not adopted at the time in 1924 when 1s. 4d. was sought to be made the rate?

THE HONOURABLE SIR MANECKJI DADABHOY: Quite so; I will give you a reply to that. The manipulation was not adopted in 1924 because I think the Government, if they had done so, would have been guilty at the time of gross monstrosity: for this reason, and perhaps you remember that the world currencies in 1924 were still in a state of dislocation; world prices had not adjusted themselves, firstly to gold prices and internal prices in India had not adjusted themselves to the world prices at that time. It was impossible at that time in 1924 to have brought in a Bill for the adoption of the 16d. ratio; and I think the Government acted with caution and prudence in watching what was going on in foreign countries, I mean financial policies and conditions which were going through a period of struggle at that time. Everything was in a state of dislocation at that time and the Government of India, till they found themselves on a solid footing, were perfectly justified in not undertaking any legislation of this sort. I have given my careful attention to this matter and I assure my Honourable colleagues that I do not think the Government of India could have undertaken legislation of this nature or have appointed a Royal Commission even six months earlier. It was appointed at a most opportune time and because it was appointed at an opportune time we now see the good result; if only one justification can be urged it is the very fact that the prices in this country have steadily fallen and the Government of India have been able to maintain this ratio for such a long period. So what I wish to impress on my Honourable colleagues is that the cardinal principle of currency is that

everything adjusts itself to a stable ratio. The first thing is to get a stable ratio. Once you get a stable ratio everything will mechanically and automatically adjust itself; there will be no difference afterwards. And therefore what we had to find out was what ratio would fit in suitably with the existing price conditions and we had no other option but to go in for the ratio of 1s. 6d. for the simple reason that we had no evidence of any kind before us that we could have adopted the 1s. 4d. ratio without causing a serious disaster, a serious catastrophe in this country. (*The Honourable Lala Ram Saran Das*: "Question.") Well, I cannot make myself more explicit than what I am doing: if you cannot follow me, it is not my fault. Now my Honourable friend Dr. Rama Rau has said that the Government of India will not be in a position to maintain the ratio at 1s. 6d. and he said that the Government of India could easily maintain 1s. 4d. and it would have been a sound policy to have adopted that ratio. Now there too there seems to be some kind of misapprehension. What I wish to bring to the notice of my Honourable colleagues is that if once we are satisfied that adjustment has already taken place it is as easy to maintain one ratio as another, and that is a point that is unfortunately lost sight of by people who argue to the contrary. In my opinion if the adjustment has taken place completely or in a preponderant degree, it would be as easy to maintain the higher ratio as the lower ratio. Now in this matter of maintainability, the maintenance of the higher ratio, if you wish to maintain the higher ratio, your goods, your products, will cost the foreigner, the exporter, landed in a foreign country the same price if the exchange is higher and your internal prices are lower, as if the exchange is lower and your internal prices are higher. Therefore, so far as maintainability is concerned, it depends upon the adjustment which may have taken place, and the one sole factor, the one sole consideration in the case is one of adjustment only and nothing else.

Then it was said that in the case of unfavourable monsoons will you be able to maintain your ratio? My Honourable friend over there said it. Now let me be frank on this subject. If there is an unfavourable monsoon for a year or two it would be difficult to maintain the ratio; and let me also tell you that it would be as difficult to maintain 1s. 6d. as 1s. 4d. Even if you adopt 1s. 4d. with a year or two of unfavourable monsoons the whole currency machinery will be unhinged and you will not be able to maintain it except by a process of manipulation, so it makes no difference so far as that matter is concerned.

Then it is contended that we are entering on a long period of low world prices and that 1s. 4d. will be more conducive to the interests of India. Now I am a little doubtful on that point. I do not think that even in this country prices are likely to go down much lower than what they are at present. The adjustment has already taken place. In one important item, cotton, adjustment had probably not taken place till very recently; but so far as the prices of general commodities are concerned I think that adjustment has already taken place and there will be no difficulty in maintaining the ratio; and the same difficulty will arise to my mind in case the 1s. 4d. ratio is adopted. In this connection it is also stated that the price of gold is going steadily down, and if it goes down still further will you be able to maintain the ratio? I quite agree there is some force in that argument but nothing very serious will happen if the price of gold goes down. Remember gold is not an Indian commodity. Gold is a world commodity. If the price of gold goes down India will suffer with the rest

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of the world—you cannot help it. That is a contingency you cannot provide for. India, like all other nations of the world, will more or less suffer, and to maintain stability of prices you cannot do it without some sort of sacrifice. Sacrifice is essential; it is an indispensable factor if you want your ratio to remain at a particular level.

Then I see a great deal has been said by my Honourable friends both here and elsewhere and particularly by Dr. Rama Rau about the deflation that has been made of late, and about the squandering—I think the Honourable Member Dr. Rama Rau used the word “frittering”—of India's gold resources. We have been told that 25½ millions of gold have been frittered away. Now during the last few days I have been at some pains to collect the figures on this point. I thank the Finance Department for giving me help in this connection. The contraction of currency in 1926-27 during the months of April, September, November and December, was altogether 22 crores, and together with the sale of Reverse Councils and the cancellation of Treasury Bills amounted to Rs. 31 crores 25 lakhs. (*The Honourable Rai Bahadur Lala Ram Saran Das*: “What was the bank rate then?”) The bank rate was for a certain period over 5 per cent. and for 5 months 6 per cent. I know what you are referring to. If the variation in the cost price of Treasury Bills, namely, 48 lakhs is taken into consideration the total net contraction did not exceed Rs. 30 crores 77 lakhs. Now these figures have been pointed out everywhere, but it has not been pointed out that against this, notes have been issued against rupees coming in from circulation, replaced by silver and gold bullion in hoards to the extent of about 17½ crores so that the net contraction is only 13½ crores and not 30 crores. (*The Honourable Rai Bahadur Lala Ram Saran Das*: “Plus normal expansion?”) This you cannot regard as anything more than the contraction of superfluous currency which had been issued last year when the rupee was at its upper gold point. My friend asked me just now, what was the rate of interest. The very fact that the Imperial Bank rate of interest remained at four per cent. for the period from the 10th of June, I think, to the 15th January—what does it prove? It proves that there was redundant currency, and this contraction was essentially what was necessary in the interests of the country. I know one or two big bankers in Bombay spoke to me and told me that they had a crore of rupees lying idle; they did not know how to invest it; and I am sure my friend, who is also connected with the Central Bank of India, will tell the same story if he is asked and is honest enough to admit it. (*The Honourable Rai Bahadur Lala Ram Saran Das*: “What are the conditions now?”) So this matter has been simply brought forward to prejudice Honourable Members who do not understand the circumstances under which deflation was made and to prejudice the country. (*An Honourable Member*: “We are not prejudiced.”) I hope you will keep an open mind. You know India is a peculiar country. For five or six months of the year we require what is called seasonal currency, and for six or seven months there is no demand, no use, for money at all. There is absolutely no use for money during the monsoon months. You have to finance the movements of cotton, jute, wheat during the busy period from November to March or April. (*An Honourable Member*: “May.”) You are quite right. Then comes a period of slackening of trade. (*The Honourable Rai Bahadur Lala Ram Saran Das*: “These are the slack months, are they not?”) Government has to expand the currency for securing funds for the purchase of

sterling exchange and also to find money for the maintenance of trade in this country. Now the very fact that there was a small absorption of rupees in the busy season of 1926 proves without doubt that there was a redundancy of currency and therefore you cannot find fault with the action of the Government of India in causing deflation in currency; they could not have kept the same amount of redundant currency. There was some action necessary on the part of Government, and that action unfortunately having coincided with this period when we are discussing the appropriate figure of the ratio, ill-informed people have mixed up and confined the two propositions and attributed sinister motives to Government; but we have taken into consideration all these factors in arriving at a judgment. It was our duty to do so, and we found that whatever deflation has taken place is fully justified by the circumstances of the trade and the state of trade in India during that time. (*The Honourable Rai Bahadur Lala Ram Saran Das*: "Is there redundancy of currency now?") There is enough to meet all reasonable trade requirements. You are not suffering from monetary tightness just now because even in the busy season of the year the bank rate has not exceeded 7 per cent. The bank rate in 1926, did not exceed 7 to 7½ and that high rate did not continue long. Now, then, during those three years 1920 to 1923 Government has been in a position to effect a contraction in currency circulation amounting to about 38½ crores. Having regard to the great inflation of our currency during the period of war and after which raised the circulation of rupees and notes from 248 crores in 1914 to 407 crores in 1918 the subsequent deflation must be regarded as both natural and proper. So I think that people need not have any apprehension on this score.

Now, Sir, I shall approach the great question which has been troubling my Honourable friends, Mr. Khaparde and Seth Govind Das—the question of the position of agriculturists. Now as I told you this morning, our one desire, the one desire of the Currency Commission, has been to look after the interests of the masses. We were not concerned whether a part of those masses were agriculturists or humble wage-earners or engaged in minor occupations of life. We were guided by one principle, and that principle was in what way we could best serve the interests of the larger number of the community in India, and with that sole object, in our desire to serve the greatest numbers we came to the conclusion that the 1s. 6d. ratio was the proper ratio. Unfortunately there is also a great deal of misunderstanding on this subject. I know I have often heard this argument, and I would ask you to give the Commission, which consisted of practical men—I am not speaking of myself, I am only a humble factor, I am speaking of two great men, as I said, men of the type of the Right Honourable Hilton Young and Sir Henry Strakosch who have a world reputation in financial matters, are known all over Europe, one of whom settled the currencies of two unfortunate European countries before he sat on this Commission and who gave us the advantage of their great knowledge and unrivalled experience—the credit which is their due; you will give these men at least some credit that they could never have ignored this important consideration of the interests of agriculturists in this country, knowing as they did that in India agriculture was the main industry of this country, and that the prosperity of the people depended on the prosperity of that industry. (*The Honourable Rai Bahadur Lala Ram Saran Das*: "On low prices?")

THE HONOURABLE SETH GOVIND DAS: Oh! Sir, there is again the same question of experts which the Honourable . . .

THE HONOURABLE THE PRESIDENT: Order, order. The Honourable Member is not entitled to reply.

* THE HONOURABLE SIR MANECKJI DADABHOY: I have already told you that I am not an expert—you are an expert, I know I am not. Now this shibboleth, this constant slogan of exporters suffering should be here exploded. Now let me say here, as a side issue, that I am a large exporter myself. I am deeply connected with the industries of this country. My personal interest in every way was for the 1s. 4d. ratio, and I may also say, that I sat on the Commission with an innate bias for the 1s. 4d. ratio, and those of my Honourable colleagues who have done me the honour of reading my examination of the various witnesses that came before the Commission must have seen that throughout the four months that I was examining witnesses, I had endeavoured to find out if there was justification for the 1s. 4d. ratio being put on the Statute-book. I submitted at last to the logic of facts and circumstances which were incontrovertible and it was only after I came to the conclusion that India's best interests could only be served by the adoption of the 1s. 6d. ratio, that I joined my colleagues in signing the Majority Report.

THE HONOURABLE MR. MAHENDRA PRASAD (Bihar and Orissa: Non-Muhammadian): Sir Purshotamdas Thakurdas was not the only member who sat on the Commission with a bias?

THE HONOURABLE SIR MANECKJI DADABHOY: If there was any bias in me it was a concealed predilection for 1s. 4d., but I did not proclaim to the world, I did not bring in Bills, I did not bring any Resolutions, I did not heckle the Finance Minister with questions, I did not plunge myself into a big controversy; I did not endeavour to defend our findings no sooner I had signed the report, but I wholly abstained from taking any part in the controversy raging over the ratio. I am speaking on this occasion to give expression to my views for the first time. Sir, there is considerable misunderstanding on this subject. Here I wish to point out to my Honourable friends that if you export goods and receive larger numbers of depreciated rupees, how would it benefit you? If you export goods and receive smaller numbers of appreciated rupees, is it a better proposition? Are you standing on any different footing? Sir, the proposition is clear, that the export

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Put this theory in practice.

THE HONOURABLE SIR MANECKJI DADABHOY: You can have your say later. If I am constantly interrupted in this way, I will not be able to sit down and you are only delaying

THE HONOURABLE THE PRESIDENT: The Honourable Member may continue and leave it to the Chair to save him from interruptions.

THE HONOURABLE SIR MANECKJI DADABHOY: The difference is nothing. The position is practically the same even if you export your goods and get smaller number of appreciated rupees, and that is just the position. There is a simple misunderstanding on the subject. But I go further and repudiate the charge that the adoption of the 1s. 6d. ratio is going to hurt the agriculturist, and I am in a position to prove that completely. It must be borne in mind that once the prices of commodities are stabilised

at the gold value as determined by the ratio between the rupee and gold there is no apprehension of either loss or gain to the producer or the exporter. If we take the last Census Report, the number of persons described as ordinary cultivators in India is 173 millions, out of a total population of 316 millions. Now, I will refer to these 173 millions, but pray let me state here that the immediate effect of reducing the rupee ratio to 1s. 4d. would be a general rise in prices and secondly a consequential reduction in the real wages of the people. Now, of these 173 million people who live by agriculture, will my Honourable friend Lala Ram Saran Das tell me how many of these people have an exportable surplus?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will you tell me?

THE HONOURABLE SIR MANECKJI DADABHOY: The whole thing is what is the volume of our external trade as compared with the volume of internal trade and what proportion of the external trade the agricultural population is interested in?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Three and a half per cent. of the imports.

THE HONOURABLE SIR MANECKJI DADABHOY: Now, let me tell the Council at once that our external trade does not come up even to 5 per cent. of our total internal trade, and let me also tell the House that the agriculturist who is said to suffer so tremendously—most of these 170 millions of people, as I have heard my Honourable friend Lala Ram Saran Das often stating, live on half a meal a day. They have got no grain surplus, and exchange either at 1s. 4d. or 1s. 6d. does not affect them.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I never made that statement.

THE HONOURABLE SIR MANECKJI DADABHOY: I beg your pardon. It does in no way affect him.

Now, I will just briefly deal with our five big articles of agricultural products, jute, cotton, wheat and rice. These are four; I will not take the other. Does anybody at all believe seriously that the price of cotton is regulated, so far as internal production and consumption of cotton is concerned, by the rupee being at 1s. 4d. or 1s. 6d.? Of course I quite agree that where you have to import cotton from South Africa or America, or where a certain amount of cotton goes to England, there you are affected in a way. But what are the fluctuations from day to day? I have been intimately connected with the cotton trade for the last 20 years and I may tell this Council without fear of contradiction of any sort that the difference in fluctuation is never less than Rs. 10 to Rs. 20 per candy of 788 lbs. (*An Honourable Member*: "Question.") Sometimes the price goes to considerable more, sometimes the difference is not much, and the factor of this exchange difference does not in any way affect the Indian trade. If it affects, it invariably affects for the benefit of the agriculturists. So far as the export of jute is concerned, it is practically a monopoly. No amount of difference in exchange is likely to affect that trade. Jute is practically the monopoly of Bengal. No part of the world is in a position to produce jute and it makes absolutely no difference. I have here with me, so far as wheat is concerned, the figures of production for the last five years from 1921 to 1926. I have also the figures of export of wheat

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and on a strict examination of the figures I do not find that even 3 per cent. of the total production is even exported. Not 3 per cent. I challenge anybody to prove the contrary. Now, when you take the export of wheat, everyone knows—we may talk in the name of agriculturists anything to excite sympathy and I have a great deal of sympathy for agriculturists, I may say the prosperity of my business depends on the prosperity of agriculturists—but I tell you that when people go and buy wheat for the purpose of export, the material condition of the agriculturist is never given any consideration. Lala Ram Saran Das will surely endorse it. Wheat is purchased in large quantities months before export takes place independent of the fact of the prices. It is based on world prices. It is the price prevailing in Australia, in Canada, and in other wheat producing countries that determines the price of wheat, and the middleman makes his money and his profit. It is the middleman who speculates, who buys large quantities of wheat and exports on his own account and at his own risk and at times covers his exchange, while occasionally he does not cover his exchange. The producer would not get the benefit of the 16d. ratio and the extra amount realised would go into the pockets of the exporters.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: No, Sir, not nowadays.

THE HONOURABLE SIR MANECKJI DADABHOY: The agriculturist is not in any way prejudiced by this; it is the middleman who makes the money, it is the European exporter. As my friend unkindly said this morning, we are doing all this for the benefit of the foreigners. It is this foreign exporter who is making the money and who is not troubled for a moment by the fact that the rate is 1s. 4d. or 1s. 6d. It affects his freight of course; it does affect him very considerably, and he takes that into consideration. You know the *lowney* system in India. Payments have to be made to cultivators months before the harvest and when they make those payments they conclude contracts, and in pursuance of those contracts, payments are made and when those payments are made, are they made on the basis of 1s. 4d. or 1s. 6d.? It is all talk, words and nothing else. The price of the produce is fixed on the rupee and never on the pound sterling. Is not the agriculturist benefited by large imports of railway and other materials, irrigation and agricultural implements, imported yarn and piecegoods? It is in the name of the agriculturist that these platitudes are expressed and given out to the world, simply in his name by a section of people whose interest it is to keep exchange to-day at 1s. 4d.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What is that section?

THE HONOURABLE SIR MANECKJI DADABHOY: You know that better than I do. Then in the matter of the agriculturist, you know that a large number of them cultivate their lands and get enough to live on, but there are a large number of big landlords also whose case practically stands on a different footing. On the other hand by adopting a 1s. 4d. ratio, you raise economically the price of the foodstuffs of these poor agriculturists who have to toil from morning to night. You add to their domestic budget 12½ per cent. more a year. If the ratio is lowered the agriculturist will obtain a larger number of rupees for surplus produce; but he would have to pay at the same time a larger number of rupees for all domestic requirements and for goods, labour and service. Now, pray, where will the

cultivator get this more rupees from? It is perfectly clear that the wage earners, the middle classes, the clerks in offices and other consumers of the produce that will pay for this extra price. So instead of serving the agriculturist by reducing the ratio 1s. 4d., you are simply mulcting these poor people and also other people who get their wages not in grain but in money. By a concealed process you are reducing the wages of these people. This is your sympathy for these poor agriculturists. This is the sympathy of my friend Seth Govind Das for these poor agriculturists.

Then I come to answer the argument of my friend behind me (the Honourable Mr. G. S. Khaparde) as regards the difference it would make in the payment of the land revenue settlement. From the speech which he made this morning, which I did not exactly follow, I gathered that the burden of his song was really that so far as the settlements are concerned, by the adoption of a 1s. 6d. ratio these people will suffer. It is a mistake to urge that the policy of having a high ratio will do any injustice to the agriculturist by increasing the burden of land revenue. It was also contended that land revenue contracts were settled when exchange was at 16d., but it must be remembered that there has been a great rise in prices since 1914. Therefore the real incidence of land revenue measured in terms of commodities has been materially lightened. You will kindly bear in mind that since 1917 the ratio has never been 1s. 4d., so you have only to take the settlements that have taken place in these last ten years. As regards those, I understand the settlements in this country extend for a period of ten, fifteen or twenty years. The Government have also decided to dispense with long-term settlements nowadays and to adopt short-term settlements. So most of these old term settlements have expired and will not be affected by the adoption of a 1s. 4d. ratio. But even if I concede for the purposes of argument that these settlements are affected, will you please tell me what proportion of the profits from increased prices since 1914 they have derived? Did not the prices rise after 1914 very largely and did not those high prices recompense these people for the little sacrifice that they may now have to suffer for a period of three or four years? It is a mistake therefore to urge that the policy of a high ratio will cause an injustice to the agriculturist. As I said before, if the adjustment of prices has already taken place, both the cost of production and the cost of living for the agriculturist have also fallen correspondingly and this gain must be set against the loss, if any. Those who have perused the Taxation Inquiry Committee's Report must have seen recorded there the opinion of an eminent economist that from 1900 to 1925 the real burden of land revenue had fallen by 42 per cent., owing to the steady rise in prices. Sir, I say, so far as the land revenue is concerned Honourable Members on the other side have no case whatsoever. I am speaking of the findings of an expert Committee on which an Indian, and I am glad to say a big landed proprietor, in the person of the Maharaja of Burdwan, was represented. His interest in agriculture is as great as any one's and that gentleman is as patriotic as any one in this Council. I was interested to see that the great financier Mr. Madon even ~~has~~ fallen out with Sir Purshotamdas Thakurdas. Mr. Madon contends that the Government gets more out of the farmer as a result of the rise in exchange whereas Sir Purshotamdas Thakurdas says that the revenue will be reduced in consequence of the rise. I submit there is no apprehension whatsoever of any kind and the lower price in rupees which the agricultural producer may obtain for his produce under the 18d. ratio is compensated by a substantial return in service.

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This brings me to the question of contracts, that people who have long-term contracts will be affected. There also I am of opinion that in considering that matter you have not to go ulterior to 1914. I admit that to a certain extent perhaps the contracts made since 1914 might be affected, but what are those contracts? You are not referring to agricultural indebtedness, where these contracts and this indebtedness goes on from sire to son. I have known in my practice at the Bar that in some cases grain debts have come down from 60 or 70 years, but there the real intention is never to pay or liquidate the debts. They go on from sire to son. They may be kept on the landlord's and the local bania's books from generation to generation and they give a few hundred candies of grains and take in return a few hundred candies and thus keep the account alive indefinitely. Surely we could not protect this class of people; it is impossible for anybody to protect them. In this connection I may point out that we never have had placed before us satisfactory statistics relating to agricultural indebtedness. No two people agreed in regard to the total indebtedness of the country. It is not possible to know it, the figures are of such a conflicting character that it is impossible to come to any reliable conclusion from them. In this connection let me emphasize that if the *de facto* rate of exchange is stabilised the agriculturist will be no worse off than he has been for the past 10 years. On the other hand if exchange is artificially lowered the payer of land revenue including the great mass of agricultural wage-earners will be prejudiced by the amount of this depression measured in terms of the rising prices.

Sir, I believe I have disposed of most of the salient points. I only wish pointedly to bring to the notice of this Council the gross injustice that would be done to this country by the adoption of the 1s. 4d. ratio. We cannot lose sight of the fact that the immediate adoption of 16d. would lead to an increase in the difficulties of the Central and Provincial Governments. The Provinces are practically bankrupt: this year no province has reported a surplus: to my knowledge in every province in India the tale of sorrow has been told of heavy deficits: they have not been able to spend anything on nation-building works, on education of the masses, on sanitation or any other works of public utility. Are you going to enhance the difficulties of these Provincial Governments by taking away from them this little relief which, all honour to Sir Basil Blackett, he has striven during the three years of his office to achieve and give to the provinces? Are you going to take away from these provinces the meagre measure of relief which will enable them to stand on their own legs and to be prepared in advance for the duties of financial autonomy? Your one ambition, your one desire, the one ambition of every Indian to-day is to get full fiscal autonomy for the provinces. Are you going to help the attainment of fiscal autonomy by reducing the ratio from 18d. to 16d.? Are you prepared to make heavy sacrifices and reduce the surplus of the Government of India into a huge deficit? Are you prepared to tell the provinces that the Members of this Council have stood in their way and will not help the Government of India to give them this much-needed relief? I do not wish to take up the time of the Council by reading the opinion of the Madras Government the significant part of which has been embodied in our Report. Two paragraphs of that letter will, I believe, bring tears to your eyes—the plight and the sad financial predicament in which the Madras Government is at present. And yet to my great sorrow the

Madras Members of the Assembly were the first to go against this eminently useful proposal of the Government of India in the matter of the grant of relief. Sir, this is not the only thing that will happen. You will not only postpone the remission of provincial contributions, but you will have to be party to a policy of new taxation. I am not prepared to become a party to new taxation in this country at this stage. When I see that trade is in such a bad condition, when there is a general depression all over India I could never agree to additional taxation; and yet I have heard it very confidently said "Put 1s. 4d. on the Statute-book and there will be an end to all troubles." I say, Sir, the troubles will not cease; the troubles will duplicate; the troubles will indefinitely expand; and it will enslave India and put her in the ranks of backward nations. What are the losses that we shall have to suffer? On the basis of the Budget for 1925-26 the net sterling expenditure of the Central Government would immediately increase by Rs. 3 crores per annum. An immediate increase would take place in our railway expenditure, and increases in rates and fares are bound to follow. It would necessitate the revision of the terms of railway contributions. The existing contribution of Rs. 5 crores which you are getting from the railways towards the general revenues will have to be revised. Extra expenditure on stores purchased in India will have to be incurred. Readjustment in the salaries of Government officers, servants, and others will have to take place. It would impair the financial credit of India and we will have to borrow at increased rates of interest. It will prevent our building up a firm and enviable structure of credit which enables India to borrow so cheaply. The credit of India will be lost. Yet to my great sorrow, when this important Bill deciding the fate of the country was being discussed in the Assembly the Indian News Agency published a telegram giving the purport of a memorandum in which Sir Purshotamdas Thakurdas, Mr. Madon and Mr. Birla recommended the policy of deferring the debt redemption. I will read an extract from their memorandum. The authors of the memorandum propose that "no specific provision for debt redemption should be made in the next year's Budget at this stage. This will make an amount of 5.2 crores available to meet such reduction in revenues as may result from a reversion to 1s. 4d."

God save us from our friends. Would you adopt this course in your mercantile houses? Would you not provide a sinking fund for your debts? Every ordinary man lays by from his salary or reserves a few rupees for the purpose of paying his debt. Will you want the State to make no provision for the redemption of its national debt? What would be the result of this policy? Not only the bankruptcy of the country but loss of our credit in the country and loss of our credit in the world, with the result that India will never be able to get foreign loans and India will never be able to raise money at low rates in this country for her purposes.

Then, Sir, I have only one remark more to urge. Do not for a moment believe that 1s. 4d. is a panacea for all our troubles, that it is going to put us on our feet; do not for a moment be led away by these specious arguments. The 16d. ratio means unbalanced budgets, a loss of credit, indefinite continuance of remission of provincial contributions and a disastrous and general disorganisation of all trade. It is not always correct to state that a low exchange is beneficial to India. There are just as significant limits to a low exchange as to a high exchange. If a low exchange is good for India, why not argue that a 1s. ratio would be still more advantageous?

[Sir Maneckji Dadabhoy.]

What we require really is to improve the standard of living of our people, and that cannot be attained if the rate is too low, as this tends to increase the cost of living. It is wrong to assume that this would be adjusted by higher wages. I assert with confidence that the cost of living would rise much faster than the increase in wages. Too low a ratio would be just as serious a handicap to trade as too high a ratio. We want, therefore, a happy medium between all the conflicting forces of economic laws. To recommend a low ratio as to be prohibitive to imports would be as serious and disastrous as to fix one so high as to be a handicap on exports. The fact is that no pre-war standard whether in terms of ratio or in terms of purchasing power is either natural or possible. Sir, I oppose the amendment.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: I move that the question be now put.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I understand that in the other place the Honourable the Finance Member did admit that he might have to revert to borrowing in London. The House will perhaps remember that I had myself foretold this in the speech on the occasion of the budget discussion about a week back. I am afraid that he overlooked that it is not a question that he may have to do it, that a magician's wand alone could enable him to avoid borrowing in London. It is also said, Sir, that the poor zamindars will greatly benefit by the 18d. ratio. I have already explained, Sir, that it will not benefit them. Surely the bigger zamindar is not a tiller of the soil, as he gets the soil tilled and the weeding done and the rest of the processes is carried out by employing humble persons on such jobs. Have Government got even approximate figures to prove the incidence of the burden falling on the rich zamindar and the actual tiller of the soil? No figures can be put forward for this purpose and assertions are made with all the weight carried by Government officials. The fact is that even the better off zamindar employs as his sub-tenants persons who are paid half or one-third of the produce; and to the extent of articles exported and to the extent of articles consumed in this country by the indigenous industries and the local population, these workers on the estates are all bound to suffer. One thing which has impressed me most all through this controversy is the absolute boldness with which Government put forward arguments despite their knowledge that they have no figures or statistics on which to base their arguments. I say, Sir, without fear of contradiction, that in depriving the agriculturist of 12½ per cent. for his raw produce by the higher ratio you undoubtedly hit the poorest section of the agriculturist classes and what proportion of such loss falls on the zamindar is uncertain. But may I ask how Government are justified even in hitting the richer section of the zamindar classes? And I would ask my various friends belonging to that class not to overlook the difference with which Government regard their interests in this question. Why hit any class unnecessarily, and where is this process to end, once you accept that it is a legitimate process? Are we then to have an appreciation of the rupee from time to time as the Government wants it? And when is the next promotion of the rupee to 1s. 8d. or 1s. 9d. coming on? I would ask my zamindar friends to beware of this handy method of Government to deprive them of 12½ per cent. in rupees for their raw produce.

Sir, my Honourable friend Sir Maneckji Dadabhoy with reference to the remarks made by the Honourable Mr. Khaparde has observed that the people lose nothing as their settlements have not been made after 1914. I might explain to my Honourable friend that all the settlements do not end at a certain period. In the Punjab, for instance, several districts have been settled after 1914 and in arriving at the assessment of revenue the prices of the five years preceding have only been taken into consideration. It is possible that Sir Maneckji has not taken that point into consideration when refuting the argument put forward by my Honourable friend Mr. Khaparde. When assessment of revenue has been made in certain districts on high prices and when you appreciate the rupee, will the Government be prepared to reduce the land revenue accordingly? I would like the Honourable the Finance Member to throw some light on this question. Sir Maneckji has said that our surplus is due to the 1s. 6d. ratio and that if this ratio had not been adopted the country would have had to face a deficit. May I ask my Honourable friend in case we adopt the 2s. or 1s. 8d. ratio, shall we have a further surplus?

THE HONOURABLE SIR MANECKJI DADABHOY: My answer is at the end of my argument.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I have not been convinced by the argument put forward by my friend who has also informed the House and read before it a statement that in the year 1914 the Government did deflate the currency. I asked him a question: What was the bank rate prevailing then? The Honourable Member had the courtesy to reply and he said that the bank rate prevailed somewhere about 5 per cent. Sir, the bank rate is the index of the demand for money in the country. In case the demand goes up the bank rate follows. Now although there is no big crop moving except the rice crop in Burma the bank rate has been pushed up to 7 per cent. Is it not the case that there is a demand for more money, and when there is a demand for more money, how is the contraction in paper currency justified? Sir Maneckji Dadabhoy also gave figures to show that gold and silver to the value of 17½ crores were brought into India. If we take that into consideration, even then there has been a great deflation of currency. The Honourable the Finance Member when discussing this question in another place said that no normal expansion of currency is needed during the depression period. If I am right, Sir, I must say here that in these times we have depression. When we have times of depression why, Sir, is the bank rate ruling high? These two things are inconsistent, and as the bank rate has to be taken as the correct index of the demand for money, I think the deflation in currency ought not to have been allowed. My friend the Honourable Seth Govind Das in his observations said that the Government wants to divide the agriculturists and the wage-earners. I differ from him in this respect, because I hold that most of the labouring classes come from the agriculturists and so their interests are identical. My Honourable friend over there interrupted Sir Maneckji and said what will be the effect on cotton prices? Of course he said the price of cotton will go up 12½ per cent. Sir, as far as the question of initial price of a raw material is concerned, the manufacturers aim at a margin of profit, in case they have to buy raw material at a high price and get a comparatively higher price for the produced article, they do not care.

THE HONOURABLE MR. MANMOHANDAS RAMJI: The question was about the agriculturist getting less and I pointed out that he will get more.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Well, Sir, I have not quite followed what my Honourable friend has now said. I have always held and even now hold that in case the exchange is put at 1s. 6d. the poor cultivator will certainly get 12½ per cent. less price for his produce.

THE HONOURABLE SIR ARTHUR FROMM: The exchange has now been 1s. 6d. for two and a half years.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: My Honourable friend Sir Arthur Fromm says that the exchange has been low for the last two and a half years. Now he, as a big shipper, will certainly endorse what I say, that during these last two and a half years our exports in wheat and in cotton and many other commodities have fallen heavily.

THE HONOURABLE SIR MANECKJI DADABHOY: That has to do with Canadian and Australian prices.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Because the pound sterling has been fetching only Rs. 13/5/4 instead of Rs. 15—that has been the chief cause why the exports have fallen so heavily.

THE HONOURABLE SIR MANECKJI DADABHOY: The competition of Australia and Canada has been the chief cause

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I do not know about Australian cotton but I am talking of what we felt in India.

THE HONOURABLE SIR BASIL BLACKETT: What about the small crop of wheat? Has that nothing to do with the reduction in the export of wheat?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: If there was a small crop of wheat, why were the prices of wheat ruling so low? Why was there export? Whenever, Sir, there is a short crop of any commodity, the prices always rule high. The Honourable the Finance Member has admitted himself that the price of wheat in the Punjab and in other places has been low this year. Why low, Sir? Because the crop was short. Is that what the Honourable Finance Member means?

THE HONOURABLE SIR BASIL BLACKETT: No. I think I must repeat what the Honourable Sir Maneckji Dadabhoy said, that I have given my statement; I cannot explain it in full.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: The Honourable Mr. Khaparde, Sir, then, has observed that the agriculturists pay a big discount on the currency notes, which is illegal. I may inform him, Sir, that as far as the discount on currency notes is concerned, the poor agriculturists have to pay that in the market to get the equivalent silver for it. Although that rate of discount since the Imperial Bank opened numerous branches has gone down, even now, Sir, the agriculturist has to pay a discount on encashing his currency notes. Particularly currency notes of higher value than Rs. 100 even now are encashed by the Imperial Bank of India and other banks generally at two annas per cent. *(The Honourable Mr. Manmohandas Ramji: "On account of exchange?")*

It is not a question of exchange; I am now talking of what it costs the agriculturist. Of course call it exchange, which is only a technical word as far as one's business is concerned, but as far as the agriculturist is concerned it is a tax. (*The Honourable Sir Maneckji Dadabhoy*: "He will pay the same with exchange at 1s. 4d.?"") But when he pays it, with exchange at 1s. 4d., he will get a corresponding increase in the price of the produce which he sells. (*The Honourable Sir Maneckji Dadabhoy*: "Question.") So he will not mind the exchange as much as he minds it now. The Honourable Sir Maneckji Dadabhoy said that this subject is a very complex and difficult subject to understand. Well, Sir, after all, the simple test of profit to a business man is what we call in the Punjab simply a question of purse balance; in case we find that after a certain transaction we have lost money on our capital, our purse shows that we have made a loss (Hear, hear). Sir Maneckji has been saying that we shall be getting more appreciated rupees. I consider that only a theory because after all, what will be the benefit to the zamindar when he gets only Rs. 13/5/4 against Rs. 15? How will the appreciation of the rupee benefit him?

THE HONOURABLE SIR ARTHUR FROMM: That is what you are paying now.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Then, Sir, the Honourable Sir Maneckji Dadabhoy has also observed that in case the exchange ratio is now changed, it will cause a dislocation in trade. I hold, Sir, that even now the trade is in a dislocated condition; and I have already said, Sir, that in all big centres of trade like Amritsar, Lahore, Cawnpore, Calcutta, Bombay, etc., whenever you see any merchant, he will look depressed and will say that business is very poor. In the Punjab in particular, Sir, the condition of the business man is so poor now that although the bank rate is said to be seven per cent., they cannot get money even at 12 per cent. The 7 per cent. bank rate is only meant for the very first class parties. The second class parties, the number of which is certainly a great one, are feeling really a great inconvenience in financing their trade. In case this is not dislocation, what can dislocation then be? Of course some people will say, because exchange has not been stabilised, the condition of these merchants cannot be improved. But, Sir, what I hold is that in case the buying power of the masses goes down, how will trade improve? Sir Maneckji also observed—in case I am wrong, he will put me right—that only 3 per cent. of our total produce is exported.

THE HONOURABLE SIR MANECKJI DADABHOY: No, no, I referred to the case of wheat.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Well, Sir, as far as the Punjab is concerned, I think that assumption is wrong.

THE HONOURABLE SIR MANECKJI DADABHOY: I have got the official figures for the last three years.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: For the Punjab?

THE HONOURABLE SIR MANECKJI DADABHOY: For the whole of India.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I am talking of the Punjab.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN: The Punjab forms part of India.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: It is part of India, but of course the Punjab is a province which is one of the chief wheat-producing provinces of India, and so what I say is correct. (Laughter). The Honourable Sir Maneckji Dadabhoy also observed that fluctuations in cotton only ranged to the extent of Rs. 20 a candy. In case I have understood him rightly, I consider that his statement is wrong. The Honourable Member knows that the prices of cotton during the last few years have gone down fifty per cent., if not more. So the statement that they have gone down only to the extent of Rs. 20 a candy and that the fluctuation does not extend to any higher figure does not hold good. He also said, Sir, that the cultivator does not export any grain. (*The Honourable Sir Maneckji Dadabhoy:* "Directly, I said.") I have dealt with this point before, Sir, but I want to repeat it for his information that he does export cotton, jute and other stuffs which he cannot consume himself. Will the Honourable Sir Maneckji tell me what quantity of jute or what percentage of his produce an average cultivator does consume? I hope he will answer this point. Sir, he has also talked of landless agriculturists. I have not followed him, I do not know what he means by that. Does he mean labourers who are working in urban or rural areas? I hold, Sir, that all the prices that we get of our produce in India are based on a sterling basis. All the exporters buy produce of the agriculturists on the basis of sterling rates. An observation was made by my Honourable friend, Sir Maneckji Dadabhoy, that in the various markets middlemen give advances to agriculturists at a fixed price in advance. As far as the Punjab is concerned, Sir, that practice does not hold good now (*The Honourable Sir Maneckji Dadabhoy:* "We are not legislating only for the Punjab.") But as far as my information goes, Sir, the agriculturists now have become much wiser and they can guard their interests much better. No forward contracts are now made on those scales by agriculturists with middlemen. Then, Sir, Sir Maneckji has also talked about the addition of 12½ per cent. in the purchases of imported goods. He has also said, Sir, if I have followed him correctly, that they consumed 5 per cent. of the imported goods.

THE HONOURABLE SIR MANECKJI DADABHOY: I never said anything of the kind.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I hold that they consume about 3½ per cent. of imported goods and in case they have to pay a little more for their imported articles they are compensated by getting a higher price for their produce. It has also been said, Sir, that in case we do not adopt the 1s. 6d. ratio, it will result in more taxation. I hold, Sir, that under the 1s. 6d. ratio, the country will be inflicted with a concealed heavy taxation of 12½ per cent. on the total agricultural produce. So, I hold, Sir, that even now if this House adopts the 1s. 6d. ratio an additional taxation of 12½ per cent. on all the produce of India will thereby be incurred. The Honourable Sir Maneckji has also dealt with the question of the redemption of debt and has cited a passage from the opinion of certain legislators in the other place. In that connection, I may say,

what I have already said, Sir, on a former occasion, that the redemption of debt is being done on a much larger scale in India than it ought to be done. During the speech that I delivered the other day I said that we are redeeming $2\frac{1}{2}$ per cent. of our debt against only less than half per cent. of what Great Britain does. I do not say that we ought not to redeem our debt. We ought to redeem it on the same scale as other countries are doing it.

THE HONOURABLE SIR MANECKJI DADABHOY: On doomsday?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Not on doomsday. Great Britain is paying only less than half per cent. on redeeming her debt, most of which is unproductive; and India cannot afford to meet the debt redemption of $2\frac{1}{2}$ per cent. on its productive debt. I do not want to take much time of the House and I am of opinion that in case the 1s. 6d. ratio is adopted it will enslave India.

THE HONOURABLE MR. MANMOHANDAS RAMJI (Bombay: Non-Muhammadian): Sir, this question of ratio has raised a good deal of controversy. The opinions are, however, divided. The Government is accused of dishonesty, people who share the opposite view are called traitors to the country by those who want the ratio to be fixed at 1s. 4d. gold. Under these conditions I rise to support the 1s. 6d. ratio. I am neither an economist nor a platform speaker, nor a lawyer by profession to be able to argue the case with so much eloquence as is possible in the case of some of my friends. I am a merchant and as such I will try to put before the House what I think to be the real situation. We have first of all in the issue of the case to consider what is best in the interest of the country as a whole and it will not be safe to restrict our view to individual cases such as that of agriculture and industries. It is not gainsaid that these interests do not deserve consideration but do not overdo a thing. It is argued that a large proportion of the population is agriculturist and their interests must be safeguarded in preference to any other. Let us therefore see how far the agriculturists are affected. It is the law of supply and demand which governs the prices of commodities and not the rate of exchange. The exchange has as a matter of fact nothing to do with internal prices of the commodity which is only consumed in the country where it is produced. In case where the commodity is produced partly for local consumption and partly for export to other countries, the price of such produce will depend on the price obtainable in that foreign market in competition and not at the rate of exchange ratio. If your exchange is fixed high or low the foreign consumer will not pay anything more, in competition. Take for instance the American cotton the price of which determines the price of cotton grown all over the world, according to quality and not according to the exchange ratio. Let me quote one instance. This year the American cotton crop is abundant and prices have gone down nearly thirty per cent. all over the world. Indian cotton, which was quoted at Rs. 400 per candy last year, is worth only Rs. 300 in India to-day. The cultivator is getting so much less and yet the exchange remains the same, i.e., nearly 1s. 6d. Of course the exporter will get $12\frac{1}{2}$ per cent. more rupees for his exported articles if the exchange was at 1s. 4d. But let us examine the real worth of these more depreciated rupees in terms of gold. One rupee at 1s. 4d. will be worth 753344 grains gold; in other words, a cultivator will get for one candy of cotton at Rs. 300, 2542·53 grains of gold at the rate of 1s. 6d.

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Just remember these figures 2542·53 grains of gold for one candy of cotton at 1s. 6d., while at the rate of 1s. 4d. he gets Rs. 337-8-0, not Rs. 300 but Rs. 337-8-0. That is the cry raised by the supporters of 1s. 4d. ratio. I take their figures that the cultivators will get at 1s. 4d. 12½ per cent. more and add 12½ per cent. He is bound to get Rs. 337-8-0 per candy, that is, Rs. 37-8-0 more or 2512·13 against 2542·53 grains of gold; therefore at 1s. 6d. the cultivator gets more in terms of gold and not less. He actually gets more at the 1s. 6d. ratio in terms of gold. As you are fixing the rupee in parity with gold, all the money that you get in return for your goods from foreign countries is remitted here in gold and you are actually going to get more gold for a certain unit of commodity sold in the foreign market; and yet this cry is raised that the cultivator will be a loser by 12½ per cent.

Now, Sir, let us consider *bogey No. 2*—industries will suffer. I do not think the arguments advanced in this case also to be correct. If industries are to be protected, the best course is to protect them by tariffs, or bounties or subsidies but not by indirect means, i.e., by depreciating currency. It was urged in the other House that by fixing the ratio at 1s. 4d., all industries will prosper, and if it is fixed at 1s. 6d., they will be ruined, and new industries will not be started. Now, Sir, let us look at this question from a practical point of view. Take Tata's steel industry. That industry was not in a prosperous condition all the time the ratio 1s. 4d. was prevalent. It was the protection that saved it. The 1s. 6d. rate is steady since the last two years. What was the position of the steel industry two years before? It was much worse. Take again the case of the mill industry and you will find the same thing. It is the protection not the ratio that helps the growth of industries if judiciously protected. Do not saddle the consumer by protection too much. Many countries had to give up the policy of protection and had to resort to free trade in the long run. What I say, Sir, is that let us not fight for the ratio but to see what is the least harmful. The 1s. 6d. ratio has been prevalent for the last two years and has remained steady. Why then disturb it? The Honourable Members, I mean those at any rate who are connected with trade and commerce, will, I am sure, bear out the view that it is not desirable or prudent to disturb the ratio. It is bound to cause dislocation in trade for some time, ruin some, and profit others; but in the long run there is neither gain nor loss. A distinguished Member of the other House very light-heartedly said about importers "People ought to have covered their exchange and should not have run the risk of exchange and such people deserve no sympathy." My answer to the Honourable Member is that in trade one has to incur a certain amount of risk and is not always particular to cover his transactions and has to speculate cautiously, and without this you cannot trade. The fluctuation in prices will immediately follow as soon as you change the ratio. The change will seriously affect traders either in gain or loss.

Now, Sir, about *bogey No. 3*—the effect of this change in ratio on debtors, and creditors and on long-term contracts. All these transactions are not entered into at one and the same time; the majority of them are short period contracts, say for one year at the most, because loans advanced by bankers are not given for a long period but for one year and renewed from year to year. Therefore, the majority of such loans obtained by poor people from bankers are liquidated as they fall due. This argument of poor agriculturists' suffering, therefore, falls to the ground. Now I come

to the long-term loans. Let us examine these. Many of them are debentures. Government debts, and public bodies debt. Who loses in this transaction? Rich companies, Government or public bodies? None of them have complained so far. So the whole question resolves itself into this—that almost all small loan transactions are liquidated from year to year and, therefore, there ought to be no complaint. The actual people who suffer are big companies, Government and public bodies but they too do not complain. On the contrary the Government have themselves proposed this change. As such there ought to be no complaint by anybody, on the contrary, the interest and principal which is to be received by people who have invested their money will be benefited to the extent of $12\frac{1}{2}$ per cent. in terms of gold.

Sir, I have been able to show that this measure is not harmful to anybody, but surely it allows things to go on without causing any disturbance; whereas if the 1s. 4d. ratio is accepted it will dislocate trade and commerce, ruin many and the agricultural population will gain nothing more thereby.

Sir, it is argued that the agriculturist will get $12\frac{1}{2}$ per cent. more for his produce if the rate is fixed at 1s. 4d. What does this suggestion mean? It means nothing more than this that you reduce your wealth in terms of gold from 8'47512 grains gold to a rupee to 7'5334, i.e., by nearly one grain of gold to every rupee that you have in your possession as wealth. Now, Sir, may I ask whether any of us is prepared to lose one grain of gold for every rupee that he has? The answer is obviously in the negative. Again Government have themselves proposed this change in ratio, and therefore, there ought not to be any complaint by anybody. On the contrary, those who hold Government securities, debenture holders and holders of securities of public bodies stand really to gain $12\frac{1}{2}$ per cent. in terms of gold.

If the ratio is not disturbed and allowed to be permanently settled once for all there will be peace of mind to every one. The people of this country have suffered heavily on account of the exchange and currency question being brought up either by Government or importers at very short intervals. Its history begins from the time of the East India Company and it is high time that it ought to be settled once for all. My advice is, do not quarrel about what was done by the Government in the past but look to the present proposal and decide once for all. I have given my opinion through the Government of Bombay and it is in the hands of Honourable Members, in which I have dealt with this question more exhaustively and I hope the Honourable Members will not be carried away on account of arguments advanced by the other side. Everyone has a right to hold any opinion he chooses, but is not to be condemned for holding the opposite view in the name of country. Every one of us has undertaken to do our duty to the country and let us act freely.

One more point before I resume my seat. It is often complained that in trying to keep the exchange high, Government has reduced the gold resources of the country. May I ask when people want Government to stabilise the exchange at a particular point Government has to do its duty; if you do not want to keep the exchange steady, the rate of exchange will fluctuate between 1s. 8d. and 1s. 4d. according to demand. When there is an adverse balance of trade, the people will then have to give gold instead of the Government, and a quantity of gold in either case

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will go out of the country. The explanation of this is that you want Government to give you a certain rate in order that you can trade safely. Now, if you do not want Government to do that, you will have to do the same thing; you will have to remit your money for excess articles that you have purchased over all your exports in gold and the gold will go to the same extent out of the country, whether it goes from Government or the public coffers or from your own private pockets. But the loss to the country will be the same; that is my point.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Imports do not exceed exports.

THE HONOURABLE MR. MANMOHANDAS RAMJI: Never mind. Before I finish I want to say one thing. A lot of things have been said about the taxation that the agriculturist will have paid in the shape of these appreciated rupees. Of course I admit that argument; but if that argument appeals to those people who are affected, it is their duty to come forward and bring here measures to reduce the land revenue, because the rupee ratio is kept high. If you want to reduce your land tax, do so by straight means instead of by covering it through manipulation of exchange. With these few words I oppose the amendment.

THE HONOURABLE MR. A. C. McWATTERS (Industries and Labour Secretary): Sir, I do not propose to detain the House long at this late hour of the evening; and if I rise to take part in the debate on this amendment it is not in the expectation of being able to add anything that is new to the discussion which has raged throughout the country for the last six months and more. But for more than six years I have in different capacities had to deal every day with these questions of exchange and also I was the writer of the memorandum which was presented to the Currency Commission on this ratio question, the conclusions of which were substantially accepted by the Commission. Therefore it is a subject in which I naturally take a great personal interest, and also it is a matter on which a right decision is, I am deeply convinced, of the greatest importance to the country as a whole.

The great difficulty which I always feel in this question is that whereas certainly 90 per cent. of the people who seriously consider the subject are agreed upon the basic principles, a number of the arguments which are used by a great many people, shall we say, by 65 as against 68, are inconsistent with those principles. Now, the basic principle to my mind is simply this: that intrinsically no one rate can be better than any other rate, and that the merit or demerit of any particular rate must depend upon the circumstances in which that rate is introduced and made effective. In other words, it depends upon the amount of disturbance which will be caused before that rate can be introduced and made effective, or as is more commonly expressed, it depends upon the amount of adjustment necessary—adjustment of internal and external prices, adjustment of wages and contractual relations and adjustment of Government Budgets and taxation. This general principle is by no means a truism, for various corollaries follow from it, and I think that if it had been remembered it would have given the correct answer to my Honourable friend, Rai Bahadur Lala Ram Saran Das, as to why it was not desirable to have a ratio of 2s. 10d. and it would have supplied an equally correct answer to the Honourable Seth Govind Das when he was asked why we should not have a ratio of one

penny. The answer is perfectly clear. It is not merely because a ratio of one penny would be "unjust," but because it would be simply ridiculous having regard to the amount of disturbance which would be caused in arriving at it or at 2s. 10d. Also if the basic principle is kept in mind, it would eliminate at once various arguments, some of which I have heard in the debate to-day, such as the unqualified statement that a lower rate must be to the benefit of the exporter and producer: similarly it would eliminate any statement which implies that the depreciation of a country's currency in terms of foreign money can add in any way to the wealth of the country. Or again it would eliminate any statement that it is more difficult, once prices have adjusted themselves, to maintain a higher rate than a lower rate. I noticed when Sir Maneckji Dadabhoy made that statement, the Honourable Lala Ram Saran Das shook his head, and it is a subject which, I admit, is difficult to follow for a person who has not very carefully studied this particular point. It is one in which I think we in India are apt to be influenced by the fact of the failure to maintain the rate of 2s. in 1920, the reason being then of course that at that time prices had not adjusted themselves; prices all over the world were in a state of complete disorder; prices and exchanges in all countries; and the problem then attempted, looking back at it now, was an insoluble one. But the proposition that it is no more difficult, if prices have adjusted themselves, to maintain the rate of 18d. than it is to maintain 16d. is unquestionably correct, and I should like, if I may, to try and elaborate the matter a little further by a practical illustration. Let us suppose that we have two rates, 18d. and 16d. and that prices have adjusted themselves to each of these two rates. At 18d. let us say that we require Rs. 400 crores of notes and coin to maintain a certain volume of trade. You will require Rs. 450 crores to maintain the same volume of trade with the exchange at 16d., in order to allow for the higher range of prices. Then let us suppose that there is a failure of the monsoon or a series of failures of the monsoon and that it becomes necessary to prevent exchange falling below the lower gold point by making a contraction of the currency by say 10 per cent. You will, at 18d., have to contract 40 crores; at 16d. you will have to contract 45 crores, and the point I wish to make is this: that 40 crores at 18d. and 45 crores at 16d. are both exactly equivalent in sterling or gold. Therefore the strain upon your resources in both cases is identically the same.

You cannot then increase the wealth of the country in any way by depreciating the currency from 18d. to 16d. But what does happen undoubtedly is that in the process of going from a higher rate to a lower rate you do give certain advantages to certain classes of the community at the expense of other classes. Let us take the Bombay mill industry which

5 P.M. has been mentioned so often in this discussion. I listened in the other House to one of the leading members of that industry who was explaining the complete disinterestedness of the Bombay mill industry in this matter because, as he quite rightly pointed out, no less than 60 per cent. of their cost of production was in raw cotton which *ex hypothesi* would go up in price if exchange went down to 1s. 4d. Also he admitted that they would have to pay more for imported machinery, and therefore, he said, we are not advocating this change in our own interest at all. But he omitted to mention that there was still a balance of the cost of production made up by the wages of labour and that therefore the employers might get some advantage if their workmen failed to get an increase in wages to compensate for higher prices. In fact the employer in the mill industry

[Mr. A. C. McWatters.]

can only gain his advantage at the lower rate at the expense of one of the partners in the industry, namely, the workmen. And the position as regards the agriculturist, of whom so much has been said to-day, is something similar. The agriculturist who has a surplus for sale will at 1s. 4d. receive more rupees for his produce. He will also at the same time have to pay more for everything he buys. But there is a possible margin where he may gain and that margin is at the expense of any of his agricultural labourers who are on fixed wages. During the process of adjustment there is a possibility of the agricultural producers gaining an advantage at the expense of one of the partners in agriculture, namely, the agricultural labourers, who, I may point out, number something like 48 millions in this country.

The whole of this question was summarised most succinctly by the Currency Commission in paragraph 205 of their Report. They said:

"Broadly speaking, the arguments which have been brought forward to prove that a reversion to 1s. 4d. would be beneficial, merely show that, during a period of adjustment of conditions to that rate, certain sections of the community (e.g., debtors, exporters, and employers of labour) would be benefited at the expense of certain other sections (e.g., creditors, importers, and wage-earners)."

And if the House is not satisfied with the expert opinion of the Currency Commission I should like to quote a very short passage from the evidence of the greatest economist of the last generation, the late Dr. Alfred Marshall. His evidence was given before the Fowler Committee in 1898 and he was dealing with the question of how far a depreciating currency gives a bounty to the employer who is producing for export. The question he was asked was this:

"But the fact that there is a bounty is not altered or done away with by the fact that the advantage is gained at the expense of the classes that you name; the fact of the bounty remains?"

To which Dr. Marshall replied:

"There is no doubt it is a bounty but the question is whether it is a bounty to the export trade. I say there is no bounty to the export trade, but there is a bounty to one class of the export trade at the expense of other classes in the export trade."

The Chairman then said:

"That is, what one gains another loses?"

Dr. Marshall replied:

"That is my opinion; and the question whether these shiftings from one class to another are substantially equitable and in the interest of the country as a whole, or not, depends, in my opinion, as indicated in my first day's evidence, on the question whether the currency retains a constant value in terms of man's efforts. An increased purchasing power of the currency in terms of commodities seems to me a good thing if it corresponds to an increasing command over nature which man has obtained by improvements in production and transport."

It seems to me that that statement goes absolutely to the root of the matter. You cannot increase the wealth of the country by merely altering the rate of exchange; you can do so only by increasing the command of man over nature. All you can do by altering the rate of exchange is temporarily to confer an advantage on one class at the expense of another.

So the Commission to my mind were perfectly right in laying all the emphasis they did upon this question of adjustment; because it is on

that that the whole question of whether 1s. 6d. is the right ratio or not turns. The Commission devoted a great deal of their Report to this subject; but if the House is not convinced by the figures put forward by the Commission, which were the best available, it should at least be convinced by the figures which were included in the Minority Report because those figures, if the necessary arithmetical corrections are made and if they are continued to June 1926—a month before the Commission reported—show that adjustment of internal and external prices to the extent of 80 per cent. had been effected at that time. And moreover the Minority Report actually has this sentence:

“ They ”

—that is, the Majority—

“ then proceed by means of a graphic representation to show that prices in India in terms of gold have since the middle of 1922 generally moved parallel to the movements in world prices in terms of gold. Thus is of course as it should be; for after all there is such a thing as a world price level measured in terms of gold to which prices in any country must in general tend to correspond if not in actual level.”

Considering that the rupee has been linked to gold, since April 1925, that statement is exactly what the advocates of 1s. 6d. are contending and nothing more. It is a statement that prices have adjusted themselves.

One point was made by my Honourable friend Seth Govind Das and by others, that the rate of 1s. 6d. has been attained by manipulation and that therefore there is something unnatural about it. Now the manner in which the rate was attained would, to my mind, make no difference whatever in the decision of the question whether the maintenance of the present rate will or will not cause a greater disturbance than a reversion to 1s. 4d. But I should like to emphasise the fact that there is no currency in the world in which there is not always an element of control or manipulation by the Currency authority, whether it be a bank of issue or whether it be the Government. The Bank of England controls currency in England through the discount rate. The Federal Reserve Bank of New York has complete control of the member banks and thus controls the currency system of America. And the Government of India have hitherto—though they are now anxious to shake off the burden—been unavoidably led to control the currency system in this country. If they had not done so, after two or three months the commercial community would have been the first to come to them and ask them to do it, because we should have had a series of leaps and falls in exchange which would have disorganised the whole trade of the country.

I should like at this point to make a slight digression in view of various remarks which have been made about the bank rate and about the action taken by Government in maintaining exchange. The point is connected with the issue of emergency currency, that is, loans from currency to the Imperial Bank. It was suggested in another place that the Machiavellian Finance Department in issuing a memorandum of procedure to the Controller of Currency in October 1924 inserted deliberately the words “subject to the following minimum rates” when prescribing the rates at which the Bank should be allowed to take loans from currency; the inference being that until that time it had always been understood that the Bank would be allowed at its own option to take a loan at 6 per cent. This statement interested me and I took the trouble to look up the memorandum, dated 19th September 1923, which had been issued somewhat

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more than a year before by the Government of India on the same subject, and I was interested to find that the words "subject to the following minimum rates" occur there also. In fact, it has found a place in the memoranda of instructions on this subject from the very first day on which this system of emergency currency was started.

I return now, Sir, to the question of the disturbance. There is one element of disturbance which is easily envisaged, and although it is not a decisive element, it is so important that we must consider it; I mean the effect upon the Budgets of the Government of India and of the Local Governments. Various estimates have been drawn up from time to time of the effect of a reversion to the 1s. 4d. rate; and after a most careful examination of the latest estimate which has been put in by the Honourable Mr. Brayne, I find that in all substantial points it agrees with my own views on the subject, and I am prepared to say that it is not an overestimate of the loss; in fact I think it is an under-estimate and my reason for thinking so is because of the effect upon the Government of India's credit of a reversion to the 1s. 4d. rate. Four years ago, Sir, when I joined the Finance Department as Secretary I admit that it was with some feeling of alarm that I looked at the prospects of the years just ahead. We had with the aid of the Retrenchment Committee made an effort to balance the Budget. We had obligations to the railways for 150 crores of capital expenditure, and large amounts were required by Provincial Governments for schemes, such as the Sukkur Barrage and the Sutlej Valley Project. We had maturing debt borrowed at very high rates coming due practically every year in large amounts, and we had the provincial contributions still hanging round our neck. If anyone had told me that in a few years' time we should be in the position in which we now find ourselves, I should have found it difficult to believe it; and, Sir, this result is due entirely to the financial policy which was unswervingly carried out by the Honourable the Finance Member. (Applause.)

THE HONOURABLE SIR BASIL BLACKETT: And by the Financial Secretary.

THE HONOURABLE MR. A. C. MCWATTERS: It was a great privilege to be associated with the Honourable Sir Basil Blackett during those years. The point which I wish to emphasise is that anything which would unsettle the Budgets of the Government of India and of the Provincial Governments to the extent which a reversion to the 1s. 4d. ratio would do, would cause a shock to the credit of the country from which it would be very difficult to recover. I very much regret, Sir, that a few weeks ago the Honourable Seth Govind Das did not move his Resolution which suggested that large sums should be provided in the Central Government's Budget for the development of industries, because I had intended on that occasion to take as my text the proposition that the most valuable way in which the Government of India could help in the development of industries in India was by the continuance of their present financial policy, a policy which will lead quickly to the extinction of the provincial contributions and which will enable Government thereafter, one may hope, to reduce those items of taxation which bear most severely on trade and industry: and therefore, from the point of view of the development of industries also, I consider that the adoption of this amendment would do the greatest disservice to that very cause which the Honourable Seth Govind Das has so obviously at heart. (Applause.)

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, if I rise at this late hour, it is not because I pretend to make any substantial contribution to this controversy. I am aware, Sir, that every possible aspect of the question was debated upon in another place and also in the country for a long time before the introduction of the Bill in the Legislature. I am not going to give this House a rehearsal of Sir Basil Blackett's eleven points or Mr. Jamnadas Mehta's twelve points. My object in rising is merely to show that some of the great virtues claimed by the Honourable Sir Maneckji Dadabhoi for the Report to which he was a signatory do not seem to exist in the estimation of others than himself. The first point that he raised with regard to the value of the Report is its personnel. I will remind my friend and ask him to recollect the scene from the gallery of the Legislative Assembly when the Resolution about the dissatisfaction of the House regarding the personnel of the Currency Commission was being hotly debated. I know how uncomfortable my friend was when he heard the onslaught made upon that personnel. It is now, Sir, a matter of common knowledge that in the selection of that Commission the undertaking given impliedly by the Finance Member that it would consist of a majority of Indians was broken, and that it did not command the confidence of the country. Following upon the protest made in the Assembly, there were protest meetings all over the country, and everywhere the country gave expression in unequivocal terms to its want of confidence in that Commission. Therefore, the less Sir Maneckji had said of that Commission, the better would it have been. Then, Sir, with regard to himself, from his seat in this Chamber he declared that the decision arrived at by him was in the best interests of the country. That, Sir, is not very convincing, because the seat which he held in this House before he was appointed to the Commission was subsequently lost, and his present seat he owes to the Government which has bolstered up this Bill.

THE HONOURABLE SIR MANECKJI DADABHOY: No. I owe the loss of my seat to the Leader of the Swaraj Party going from village to village, house to house, and . . .

THE HONOURABLE MR. V. RAMADAS PANTULU: I say, Sir, that the voters, the electors of Sir Maneckji Dadabhoi's constituency expressed disapproval of his conduct in signing this Report, and that is why he lost his seat. Whatever the cause is, Sir, his elected seat he lost. Then he assumed the rôle . . .

THE HONOURABLE SIR MANECKJI DADABHOY: May I give a personal explanation, Sir? He is wrong there, because I lost my seat before I was appointed on the Commission.

THE HONOURABLE THE PRESIDENT: That is not a personal explanation but a reply to the Honourable Member's argument.

THE HONOURABLE MR. V. RAMADAS PANTULU: Then, Sir, he assumed the rôle of a judge, and in that matter he prided himself on the fact that in contradistinction to what my Honourable friend Sir Purshotamdas Thakurdas has done, he did not go about the country to ventilate his opinions. May I remind him, Sir, that a Commissioner, however exalted his position may be, is not the judge. The Report to which he put his signature is to be judged by the people, it is we who are to pronounce upon the correctness of that Report; and that is what we are

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doing to-day; therefore I say he should not have arrogated to himself the functions of a judge but should have submitted his conclusions merely for the judgment of the House and of the country. Therefore, Sir, having said so much about the excellence of the personnel of the Commission and Sir Maneckji Dadabhoy's part in it, I will just say a few words on the merits of the Report without tiring the patience of this House.

We are told that with a 1s. 6d. ratio the Government and the country will get a lot of money, that the remission of the provincial contributions need not be foregone and that Budgets need not be unbalanced. There will also be plenty of money to pay wage-earners, and public servants, there will be reduction of railway fares and so on. May I ask where this money is going to come from? There are at least some people in this country who are unsophisticated and whose minds are not muddled with currency controversies. They would like to know where from the Government are going to get this wonderful volume of money at 1s. 6d. It must come from the people of this country or from the foreigners who deal in our goods or some other source. What is that source?

THE HONOURABLE SIR ARTHUR FROMM: Study the Budget.

THE HONOURABLE MR. V. RAMADAS PANTULU: It is somewhat difficult to believe that all this extra money got at 1s. 6d. is not coming from the people of this country but from some people outside India. It does not fall from heaven like manna. Therefore it must come from somebody. Sir Maneckji Dadabhoy has told us that this wonderful 1s. 6d. has brought all this extra wealth into this country and has put it into the coffers of Government so as to enable them to wipe out provincial contributions and bring about the millennium in several directions in this country for which Sir Basil Blackett claims credit. On that we have not had any convincing arguments. To me the whole thing is so fallacious; it is all financial jugglery. The money must come from and the advantages which the Government derive must fall as burdens upon the shoulders of the people who produce the commodities in this country in competition with foreign importers. There is no other manner in which the money can come. I wish it had been shown that the money could come in a different manner. Sir Maneckji Dadabhoy's speech, I listened to, with considerable care, to see whether he would answer any of the points raised in the other House. He had less excuse for not being convincing here, because all the points of view of the other side were put very clearly there. The only conclusion that I can come to is that he had no answer to give and that it was all a waste of time. One thing he emphasised over and over again, namely, that prices have adjusted themselves to the 1s. 6d. ratio. Sir Basil Blackett fairly conceded that it was a question of fact and I have searched in vain for tangible evidence in the Appendices of the Currency Commission's Report to find if there is any material upon which such a conclusion could be based. Every witness was asked "Assuming that prices have adjusted themselves, what do you say?" And the answer was "Assuming it is so, the 1s. 6d. ratio is good." That is what I found. And Sir Maneckji himself, curiously enough, when I read through the evidence gave me the absolute impression that he was a protagonist of 1s. 4d. and gold currency. The way in which he cross-examined witnesses, if I know my job as a lawyer, undoubtedly indicated that he was then distinctly in favour of 1s. 4d.

THE HONOURABLE SIR MANECKJI DADABHOY: I did so because I wanted to extract the truth and get to the bottom of the thing; that is the tactics of a lawyer would have changed my mind on conviction, if the witnesses had satisfied me.

THE HONOURABLE MR. V. RAMADAS PANTULU: I would like to know when it was that he changed his mind. Since I came to Delhi, I have seen men change rapidly. I hope it is not for like causes. He distinctly gave me the impression that he was trying not merely as a cross-examining lawyer holding the other view, but as one who was putting his case; because he himself said, that he understood his position was one of a judge; and a judge when he examines witnesses in the box would like to get answers which in his own view are correct or establishing the position which the judge holds. I cannot help inferring that he was trying to elicit answers which at that time accorded with his own views. Then, Sir, the rest of the arguments of Sir Maneckji need not be answered. He says that forty crores at 1s. 4d. will be the same as 45 crores at 1s. 6d. It will be so if prices have adjusted themselves. When we say that prices have not fully adjusted themselves, there is no virtue in such arguments. My Honourable friend was taking very elaborate notes of the Assembly debate and a mountain was really in labour for a week and it produced a veritable mouse at the end.

I wish to point out that in answer to my friend Mr. Kumar Sankar Roy Choudhuri's question why Government threw away the opportunity that afforded itself in 1924 of stabilising at 1s. 4d. if they were genuine in their assertions, he said very emphatically that the Government would have committed a blunder if they had done so and there were then no materials for them to do so. Is that a fact? I will only read to this House one small sentence from the minute of Sir Purshotamdas Thakurdas, not so much as his opinion, but as quoting from Government documents to show that they were waiting for an opportunity until the ratio went up to stabilise it and not to do it when it was at 1s. 4d. That passage is to be found at page 121:

"When in September 1924, the rate was approximately 1s. 4d. gold (it ranged during the month between 1s. 5½d. and 1s. 6d. sterling), suggestions were made officially to the Government, in the Legislative Assembly, to restore this ratio to the Statute-book, in place of the fictitious ratio of 2s. gold. The Government of India declined to favour these proposals. Their telegram of the 11th of October 1924 (when exchange was about 1s. 4½d. gold) to the Secretary of State shows that their policy then was to look for, in their own words, 'a permanently higher rate than 1s. 4d. gold.'"

—these words are quoted from Government documents—

"a permanently higher rate than 1s. 4d. gold. Subsequently, when in April 1925 the pound sterling reached gold parity, the Government of India were able to talk of this new ratio as 1s. 6d. gold instead of 1s. 6d. sterling. The unavoidable conclusion is that the Government of India could have stabilised the rupee at 1s. 4d. gold in September 1924, thus restoring the long established legal standard of money payments, if it had chosen to do so."

I certainly prefer to accept this conclusion to the mere assertion of Sir Maneckji Dadabhoy.

Then, Sir, one word more and I have done. Every protagonist of the 1s. 6d. ratio in this House attempted to controvert our statement that by that ratio the agriculturist was hit. I really do not know how they came to that conclusion. To the arguments that were advanced by my Honourable

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friend on my left here, Mr. Manmohandas Ramji, very little need be said in answer, because they do not deserve any answer. Mr. Manmohandas Ramji said that for Rs. 300 worth of goods the cultivator will get 2,542 grains of gold at the rate of 1s 6d. and at 1s. 4d. even if you get Rs. 337 you will only get 2,512 grains of gold. The first point about this matter is that the cultivator is not paid to consume gold; and then if gold is given, let him go to the mint and ask for money. Under clause 4 of the Bill he will find that every tola of gold will be worth Rs. 21, whereas according to the amendment proposed by my Honourable friend Seth Govind Das it will be worth Rs. 23 and odd. Therefore such arguments are really of no use, because the man is not paid in gold; and the other argument is that middleman carries

THE HONOURABLE SIR BASIL BLACKETT: If he is not paid in gold, what is he paid in?

THE HONOURABLE MR. V. RAMADAS PANTULU: He gets his price only in a silver token coin.

THE HONOURABLE SIR BASIL BLACKETT: What does the token rupee indicate?

THE HONOURABLE MR. V. RAMADAS PANTULU: That is the issue. The point is not that he gets more grain of gold for he does not gain anything thereby. Supposing he takes his gold to the Government treasury and asks for money, he will get at the rate of Rs. 21 per tola, whereas if the rate is 1s. 4d. he will get Rs. 23. The money will be less according to your ratio. Then, Sir, with regard to the agriculturist not suffering, there is one other argument, namely, that the middleman profits. Even if the middleman takes away a portion of the profits, we are yet to be persuaded to believe that no portion of it goes to the agriculturist. I have got some experience of agriculturists and I have known how the exchange affects their income. I may tell this House that I am not speaking merely from a priori reasoning. I am in charge of a co-operative bank which lends money on a very large scale to agriculturists; when we go to collect our dues we find that the agriculturists are very hard hit by the exchange; and whenever exchange goes up agriculturists really lose and they get less for their agricultural produce and they really suffer a loss. I may here say, Sir, one word with regard to the extent of loss which the agriculturist suffers. It is really not 12½ per cent. of the price. There is a fallacy there. It is much more than that, because profits are reduced by nearly 66 per cent. I will make it clear by a small illustration. I believe it was given by Sir Victor Sassoon in the other House and I may repeat it; it will not take one minute to do so. Supposing the price of a commodity like cotton is 100 rupees at the place of export. On this it is a fair estimate to put his marketing charges and transport charges at 22 per cent. Then the balance that he gets is 78 rupees, out of which 60 per cent. represents the cost of production; therefore the net profit to the agriculturist is 18 rupees. If your exchange is 1s 6d., then the cost at the place of export will be not 100 but 87½, that is 12½ per cent. less. Out of 87½ you take away 22 per cent. for marketing, transport and other charges and 60 per cent. for cost of production; then what remains now, only 5½ per cent. Therefore instead of making 18 rupees he makes only 5½ rupees. The cost of production is

not lessened, the cost of preparation for the market is not lessened; they remain practically constant. What is lessened is the price at the outgoing port. Therefore, instead of 18 being left only 5½ are left. Therefore the loss sustained is 66 per cent. on his profit. Therefore, when you argue that the agriculturist is not hit, it is not at all convincing. The other day I read a small extract to this House from a letter addressed to Sir Purshotamdas by a missionary who has devoted all his life in India to the uplifting of the agricultural class. He himself receives a pension to be sent home in sterling and sustains a loss of about Rs. 60 every month. Still he remains here to work for the agricultural class of this country. He says what is the good of educating the agriculturist and teaching him improved methods of agriculture and how to market his produce and how to make more money if by these invisible means of exchange manipulation you take away much of the profit. In this way, he says, all his labour is wasted. His Excellency has set up a Commission here for the benefit of agriculturists, but the labours of that Commission will be absolutely wasted and no agriculturist can receive any benefit if by means of this currency policy of the Government of India, what is given with one hand is taken away with the other hand. Therefore, I have no option but to support the amendment and oppose the 1s. 6d. ratio.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I should have tried to reply at some length to this most interesting debate, but the excellent speeches of my Honourable friend Sir Maneckji Dadabhoi, Mr. Manmohandas Ramji and Mr. McWatters have so fully covered the ground that it is unnecessary for me to detain the House at any length. There is one point I should like to mention. My Honourable friend Mr. Govind Das waxed merry over the Finance Member's poetical achievements. He quoted at length those points which the Finance Member made in his speech in which each sentence ended with the words "to the permanent benefit of nobody." Seth Govind Das said he was as much of a poet as the Finance Member, and with considerable success he gave us a litany ending with the same refrain. That was all very well, but unfortunately for comparison those litanies were pitched in different keys because the Honourable the Finance Member's litany referred to a state of things where there is a sudden drop from an established ratio of 1s. 6d. to 1s. 4d., whereas Seth Govind Das's litany referred to circumstances in which prices and general conditions have been stabilised for a period of two years at a ratio of 1s. 6d. Seth Govind Das brought forward several of the fallacies of the Currency League. I think the worst of them is that the 1s. 6d. ratio means an annual loss of 40 crores of rupees to India. I am at a loss to find where that loss comes from, but I believe it comes from the difference between the values at 1s. 6d. and 1s. 4d. of the exports of Indian produce. Well, as the imports into India of foreign produce are just slightly below the exports and the difference between imports and exports is made up by invisible imports on account of services rendered in the way of transport charges and so forth, what is gained by the larger amount of rupees obtained for exports at 1s. 4d. is lost in the larger amount that India has to pay for imports at the same ratio.

The position of the agriculturist has been fully dealt with, but there is one point I should like to mention. The figures which I will quote are taken from the index number of wholesale prices in Calcutta. The index number in 1914 for cereals and pulses may be taken as 100. In December

[Mr. A. F. L. Brayne.]

1923 prices were 105 for cereals and 109 for pulses; in January 1927 the index figure for cereals was 143 and for pulses 155. That rise in price from which the agriculturist has gained has been attained almost entirely while the rupee has been stabilised at 1s. 6d. It cannot be said that the higher ratio has definitely injured the agricultural classes if these facts are correct. I will not detain the House any longer, and with these words I oppose the amendment.

THE HONOURABLE THE PRESIDENT: The original question was:

"That clause 4 do stand part of the Bill."

Since which an amendment has been moved:

"That in clause 4 for the words 'twenty-one rupees, three annas and ten pies' the words 'twenty-three rupees, fourteen annas and four pies' be substituted."

The question I have to put is that that amendment be made.

The Council divided:

AYES—10.

Govind Das, The Honourable Seth.
Khaparde, The Honourable Mr. G. S.
Mahendra Prasad, The Honourable Mr.
Makherjee, The Honourable Srijut
Lokenath.
Ram Saran Das, The Honourable Rai
Bahadur Lala.
Ramadas Pantulu, The Honourable
Mr. V.

Rama Rau, The Honourable Rao
Sahib Dr. U.
Roy Choudhuri, The Honourable Mr.
Kumar Sankar.
Sett, The Honourable Rai Bahadur
Nalininath.
Zubair, The Honourable Shah Muham-
mad.

NOES—31.

Akbar Khan, The Honourable Major
Nawab Mahomed.
Brayne, The Honourable Mr.
A. F. L.
Charanjit Singh, The Honourable
Sardar.
Commander-in-Chief, His Excellency
the.
Corbett, The Honourable Mr. G. L.
Dadabhai, The Honourable Sir
Maneckji.
Das, The Honourable Mr. S. R.
Desika Chari, The Honourable Mr.
P. C.
Evans, The Honourable Mr. F. B.
Forest, The Honourable Mr. H. T. S.
Froom, The Honourable Sir Arthur.
Gray, The Honourable Mr. W. A.
Habibullah, The Honourable Khan
Bahadur Sir Muhammad, Sahib
Bahadur.
Hing, The Honourable Mr. H. G.
Manmohandas Ramji, The Honour-
able Mr.
McWatters, The Honourable Mr.
A. C.

Misra, The Honourable Pandit Shyam
Bihari.
Muhammad Hussain, The Honourable
Ali Baksh.
Nawab Ali Khan, The Honourable
Raja.
Rainy, The Honourable Sir George.
Sams, The Honourable Mr. H. A.
Sankaran Nair, The Honourable Sir
Chettur.
Singh, The Honourable Maharaja-
dhiraja Sir Rameshwara, of Dar-
bhanga.
Stow, The Honourable Mr. A. M.
Suhrawardy, The Honourable Mr.
Mahmood.
Swan, The Honourable Mr. J. A. L.
Symons, The Honourable Major-
General T. H.
Tuk Chand, The Honourable Diwan.
Thomas, The Honourable Mr. G. A.
Thompson, The Honourable Sir John
Fenochet.
Umar Hayat Khan, The Honourable
Colonel Nawab Sir.

The motion was negatived.

THE HONOURABLE THE PRESIDENT: There is another amendment to clause 4 which stands as No. 9 on the paper. The Honourable Seth Govind Das has informed me that he does not wish to move it. Does the Honourable Rai Bahadur Lala Ram Saran Das wish to move his amendment?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: No, Sir.

THE HONOURABLE THE PRESIDENT: The question then is:

"That clause 4 do stand part of the Bill."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: Further consideration of the Bill will take place to-morrow.

NOMINATIONS TO THE PANEL FOR THE STANDING ADVISORY COMMITTEE IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

THE HONOURABLE THE PRESIDENT: I have to announce to the Council nominations to the panel for the Advisory Committee in the Department of Education, Health and Lands. The following nine Honourable Members have been nominated:

The Honourable Colonel Nawab Sir Umar Hayat Khan,
 The Honourable Major Nawab Mahomed Akbar Khan,
 The Honourable Rai Bahadur Lala Ram Saran Das,
 The Honourable Maharaja Sir Muhammad Ali Muhammad Khan,
 The Honourable Raja Nawab Ali Khan,
 The Honourable Rao Sahib Dr. U. Rama Rau,
 The Honourable Saiyid Alay Nabi,
 The Honourable Mr. M. Suhrawardy,
 The Honourable Seth Govind Das.

As an election is necessitated, I direct that the election shall take place on Saturday.

MESSAGE FROM THE LEGISLATIVE ASSEMBLY.

SECRETARY OF THE COUNCIL: The following message has been received from the Secretary to the Legislative Assembly:

"I am directed to inform the Council of State that two motions were carried by the Legislative Assembly at their meeting held on the 24th March, 1927, and to request the concurrence of the Council of State in the recommendations contained therein:

First motion:

"That this Assembly do recommend to the Council of State that the Bill further to amend the Imperial Bank of India Act, 1920, for certain purposes be referred to a Joint Committee of this Assembly and of the Council of State and that the Joint Committee do consist of 28 members."

[Secretary of the Council.]

Second motion:

“That this Assembly do recommend to the Council of State that the Bill to establish a gold standard currency for British India and constitute a Reserve Bank of India be referred to a Joint Committee of this Assembly and of the Council of State and that the Joint Committee do consist of 28 members.”

The Council then adjourned till Eleven of the Clock on Friday, the 25th March, 1927.

COUNCIL OF STATE.

Friday, 25th March, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

DATE FOR THE CONSIDERATION OF THE INDIAN FINANCE BILL, 1927.

THE HONOURABLE THE PRESIDENT: It was decided here yesterday morning that the consideration of the Indian Finance Bill, 1927, should be taken up in this House to-morrow morning on the motion of the Honourable Mr. Brayne. For various reasons into which I do not think I need enter in detail but which the House will understand, it is eminently desirable, if not essential, that the consideration of the Finance Bill should be concluded to-morrow. I have received various notices of amendment, and I have to visualise the possibility of an amendment being made in this House in the Finance Bill. In that event, Honourable Members are aware that the Bill will have to go to another place, and it is possible that it may have to come back to this House. I am loath to suggest any course which might cause inconvenience to Honourable Members, but I am inclined to direct that the sitting of the House to-morrow should be at 10 A.M. instead of at the usual hour of 11 A.M., and unless there is any strong objection to that proposal, I propose to direct accordingly.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH, SAHIB BAHADUR (Education, Health and Lands Member): In view of what you said, Sir, I think it is eminently desirable that we should make every effort to complete the discussion of the Indian Finance Bill before to-morrow afternoon, and I can see no other alternative except to agree to the proposal which you have just made, and we must sit at 10 O'clock.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, I entirely endorse your view as well as the view of the Honourable the Leader of the House, and we shall have no objection to sit at 10 O'clock.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadian): I agree, Sir.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab: Nominated Non-Official): I also agree, Sir.

THE HONOURABLE THE PRESIDENT: I propose then to take ~~that~~ course.

CURRENCY BILL.

THE HONOURABLE THE PRESIDENT: The Council will now resume the discussion on the Currency Bill. Yesterday the motion that clause 4 stand part of the Bill was carried and at this stage of the Bill, at all events,

[The President.]

that disposes finally of the question of the ratio. I hope Honourable Members will bear that in mind when discussing the other clauses of the Bill. I think it will be most convenient now to take up those amendments which propose a gold coin, a sovereign or a gold mohur. There are two amendments on the paper proposing to insert a new clause after clause 1 of the Bill. They are amendments Nos. 2 and 3 on the paper. In certain respects, in view of the decision of the House yesterday, these amendments, as they stand, are inapplicable. They will have to be amended so as to give effect to the decision of the House that the ratio should be 1s. 6d. I would therefore ask Honourable Members in whose names they stand to make those amendments without further permission from the Chair in moving their amendments. I propose to call the Honourable Seth Govind Das first and thereafter, call the Honourable Mr. Chari to move No. 3, the discussion on both the amendments will then proceed together, and at the end of the discussion I shall put both the amendments in turn.

THE HONOURABLE SETH GOVIND DAS (Central Provinces: General): Sir, I rise to move the amendment which stands in my name with the change that you have suggested. My amendment reads thus:

"After clause 1 of the Bill insert the following as clause 2 and re-number the subsequent clauses accordingly:

- ' (a) The Governor General in Council shall from the 1st day of August 1927 establish a gold mint in Bombay or Calcutta, where gold coin shall be minted, containing a quantity of gold equal to that in the British sovereign and of the same weight and fineness. Such a coin shall be called a gold mohur.
- (b) Any person who offers to the Governor General in Council at the office of the Master of the Mint at Bombay or Calcutta Rs. 13-5-4 shall be entitled to receive from the Master of the Mint a gold sovereign or a gold mohur.
- (c) Any person who offers to the Master of the Mint at Bombay or Calcutta a quantity of gold equivalent in weight and fineness to that contained in the British sovereign shall be entitled to receive in exchange, for this amount of gold so tendered, a gold sovereign or a gold mohur."

In moving this amendment, Sir, at the very outset I may be permitted to say that since the advent of British rule, the people of this country have been demanding gold currency, and, Sir, this demand comes from all classes of the population and it does not come from any particular political party. We do not want, Sir, a new thing. Under the Muhammadan rule the gold Ashrafi was a very popular coin. Even under the Hindu kings, Sir, gold coin was in circulation. But after the British rule was firmly established, what happened? The position of gold currency became very much confused, and the Government did not declare any definite policy in this respect. Between 1899 and 1920, no doubt the sovereign did circulate, and the reason was that it was definitely linked with the rupee at the rate of 1 to 15. Within this period of 20 years, not only were sovereigns imported into this country, but in 1918, 34 lakhs of gold mohurs were minted in the Indian Mints. But, Sir, the whole affair was a very short-lived one, and not only the coinage of gold in India was stopped, but on account of the absurd ratio of 2s. the sovereigns which were then in circulation could not circulate. This is the background of the gold currency policy.

Now, Sir, what is the reply of Government to this popular demand? This demand is being opposed on four grounds. Firstly, it is pointed out that there is no genuine demand for the gold currency from the masses of this country; secondly, it is said that there is no need for circulation of gold currency internally until there is sufficient gold available for export purposes at the time of adverse balance of trade. Thirdly, it is opposed on the plea that even those countries, where gold currency is in internal circulation consider it to be an out-of-date and purely a sentimental thing. And fourthly, Sir, it is said that if gold is kept in circulation, it disappears at the time of emergency and the gold in reserve may not be sufficient to meet the purpose. Now, Sir, satisfactory replies to all these objections have been given times without number and therefore, as I did in moving my first amendment yesterday, I will confine myself to reviewing briefly the arguments of both sides. First of all, Sir, I want to give a reply very briefly to all these objections. Now, Sir, if we take the first objection, we find that it is not genuine. It is true that on account of the poverty of the people in ordinary village transactions, in village markets, gold coin does not pass from hand to hand; but, Sir, this does not necessarily mean that the people of this country do not want gold currency. Gold sovereigns of about 200 crores of rupees taken by the people show that if there be an automatic arrangement for obtaining gold coin, it will most satisfactorily circulate. So far as the second objection is concerned, Sir, it is true that by this Bill the Government now is accepting the obligation to provide sterling for export purposes. But the policy adopted hitherto has been such, Sir, that the people have no confidence in the convertibility of their local currency into gold. After all, Sir, very few people do export business and gold is sought to be provided only to these people. Now, Sir, this will not be able to establish any confidence in the people of this country—I mean the masses—unless the gold currency is actually in circulation internally. For the third objection, Sir, first of all I would point out that it is wrong to say that the countries where gold currency is in circulation think that gold currency is out of date. But supposing they think so, why do they think so? It is because gold currency was in circulation or is in circulation in those countries for so many years. Now, Sir, the people of those countries have become confident in the currency policy and the currency system of their Governments, but here in India, Sir, we find an entirely different thing. Here, Sir, unless you circulate gold currency, the people will not become confident. In fact, Sir, they are becoming more and more suspicious. Rightly or wrongly, it is the general idea of the people of this country, that the policy of the Government is that no gold should be allowed to remain in India. If you put gold currency in circulation, after a few years they will become confident and then, Sir, the time will come to stop the circulation of gold currency internally. But, Sir, it has been the policy of the Government from the very beginning to put the cart before the horse. Then, Sir, secondly, as I have already said we should see if the countries, where the gold currency is in circulation, do really think that it is an out-of-date thing? Most of the countries of Europe, Sir, were entangled in war and their currency system is badly battered. To-day, Sir, they have to meet their foreign obligations in gold and when they have not enough gold, even for this purpose, it is but natural for them to think of stopping the circulation of gold currency internally. But, Sir, if we take other countries where such adverse circumstances do not prevail, for instance, America, what do we find? We find that, even to-day, gold

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currency is in full swing in America. And what is the position in England? In England, the Right Honourable Montagu Norman said in his evidence before the Hilton Young Commission, in his reply to question No. 13690:

"Well, speaking for myself, I hope the time may arrive both in this country and in India when circulation of the gold coin may be resumed. . . . I like to cherish the hope that it will come back again (the gold coin) and will be a sign of that prosperity which I trust we may reach again . . . I intend to work for that end."

Even those countries, Sir, where the circulation of gold currency internally is being stopped, I am sure that, when a suitable opportunity comes, they will again resume the gold currency. Sir, I do not understand why the system which is so beneficial, which at least is considered so beneficial for England and for America, should not be considered beneficial to the same extent for India. . . A thing, Sir, which is good for those countries must be good for India.

THE HONOURABLE MR. A. C. McWATTERS (Industries and Labour Secretary): Might I ask the Honourable Member how much gold circulates in the United States?

THE HONOURABLE SETH GOVIND DAS: Well, Sir, I have not those figures at hand but I shall be able to supply them later to the Honourable Member if he wants them. Then, Sir, regarding the fourth objection, let me point out that, if this risk exists, I mean the risk of the gold in circulation disappearing in adverse circumstances, then this risk is common to all countries. When this risk could not come in the way of England in circulating gold currency internally, I do not understand why should this risk be trotted out before us.

In this way, Sir, after giving a reply to these four objections which the Government always put before us when we place our demand before them, I will point out that, if they really want to create confidence in the minds of the people of this country, if they really want them to get rid of their big hoards, the only way is to give them gold currency. The gold standard, Sir, which has been enforced since 1899 has been worked in such a way that in place of confidence more and more suspicion has been growing in the minds of the people. With the enormous balance of trade in favour of India, Sir, gold should have been brought here, but instead of bringing gold here, the gold was diverted from here to England and in its place token currency was given to us. And now, Sir, when we want gold currency, this token currency is brought in our way. It is a very strange thing, Sir, that you yourself circulate token currency and when we want gold currency, you bring this token currency in our way. Then Sir, let us see if this token currency is really coming in the way of circulation of gold currency in India. What did Mr. Benjamin Strong, Governor of the Federal Reserve Bank of New York, say in reply to question No. 15828, in page 303, Vol. V, of the Royal Commission Report? He said:

"In view of the parallel which this experience furnishes, I venture to suggest that in formulating any currency plans for India it would appear to be unnecessary to eliminate all or any considerable part of any kind of circulating medium now in common use. Particularly is this the case if you should decide upon a scheme of banking and monetary improvements which are to be developed gradually, as contrasted with an endeavour to transform the situation overnight, and to establish some quite different

monetary plan. I believe it would be quite possible to leave the rupee, merely adopting the policy of making no further increase in the amount of coined rupees. You will find that, with the development of trade, the growth of population, and the passage of years, additional circulating medium will be needed, and that can take the form either of additional notes, or, possibly, even of gold in circulation. But that can come about gradually involving no special change at any particular moment of time, and it would seem to me greatly to facilitate the development of banking agencies which will influence the monetary position if you start with what you have."

"This shows very clearly, Sir, that even the token currency which is in circulation in India is not at all, and cannot be said to be, in the way of establishing a gold currency here.

Then, Sir, the gold is being diverted from this country, and we want a gold currency to stop this. As soon as gold currency is established here this diversion of gold will be stopped and that is another reason, Sir, why we want a gold currency to be established in this country.

Gold which is seen in India to-day is not on account of the Government. Let me point out that it is brought into this country in spite of the British authorities and no credit can be given to the Government for this gold which is now being seen in this country.

I know, Sir, that in one day gold currency cannot be established but you must begin. It will take, Sir, a few years before you can establish a gold currency. By my amendment I only want the coinage of gold to begin and if you begin it to-day or after a few months, then after some years you will be able to establish a full-fledged gold currency in this country.

In conclusion, Sir, I will only quote the opinions of two experts in this respect and resume my seat. Sir Louis Mallett and Lord Ray, delegates to the Imperial Conference of 1891, in their report say:

"A common standard of value at least between India and England appears to be the only complete and permanent remedy for the inconvenience caused to India by the present state of things. The adoption of a silver standard being impossible this theory can only be entertained by the introduction of the Gold Standard in India. The practical objections to this are of a very serious kind but it is worthy of remark that they derive their full force from the interest of England and other foreign countries than from that of India itself."

With these words, Sir, I commend my amendment to the acceptance of the House.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, I rise to move the amendment which stands in my name and which is as follows. Sir, with your permission, I would

THE HONOURABLE THE PRESIDENT: I told the Honourable Member that he need not ask for permission. I asked him to do it.

THE HONOURABLE MR. P. C. DESIKA CHARI: My amendment will run:

"That after clause 1 of the Bill the following new clause be inserted and the subsequent clauses be renumbered accordingly:

'2. In the Indian Coinage Act, 1906, after section 3 the following new section shall be inserted and the subsequent sections shall be renumbered accordingly:

Gold Coinage.

'4. (1) The mint shall coin a gold Mohur containing 123·27447 grains troy of gold 11·12ths fine.

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- (2) Any person who tenders at any time to the Governor General in Council at the Office of the Master of the Mint or at any Government Treasury or the Imperial Bank or any of its branches or at any other place notified in this behalf by the Governor General in Council in the Gazette of India, fine gold and pays seignorage to cover minting charges, according to a scale to be notified in the Government Gazette, shall be entitled to receive gold Mohurs proportionate to the amount of gold standard, at the rate of 113·0016 grains of fine gold per Mohur.
- (3) The gold Mohur shall be a full legal tender in payment or on account, provided that the coin (a) has not lost in weight so as to be more than ·05 per cent. below the standard weight and has not been defaced.
- (4) In the making of the gold Mohur, a remedy shall be allowed of an amount not exceeding 5,000ths in weight and 2,000ths in fineness :

Provided that the above provisions shall not come into operation until such date as the Governor General in Council may direct in this behalf :

Provided also that such date shall not be later than 1st March, 1928 '."

Sir, though the amendment is a long one, it will be seen that I am only moving for the introduction of a small change in the currency of this country. I am not asking for a full-fledged gold standard and gold currency with all the obligations which such a standard and currency implies. Sir, I am not asking that the Government should accept the obligation to give gold sovereigns and gold mohurs for the rupees tendered. I am not asking them to convert at the people's will all the rupees that may be tendered to the Government. Sir, it is only a small attempt to introduce the gold currency in some form with the willing co-operation of the people. Sir, I shall beg the leave of this House to explain as briefly as I can the object underlying the proposed amendment. Sir, I only want that the people should be allowed to tender gold of the same weight and fineness as the gold contained in a sovereign. I am asking that the Government should be pleased to utilise the Mint which is available in Bombay to mint that gold which is tendered by the people. I want, Sir, in addition that people should pay a small cost—such cost as the Government thinks reasonable—to cover the minting charges. This amendment does not impose any obligation on the Government except the obligation to get bullion converted and to put a stamp on the gold that is tendered for the cost which will be paid for by the people. Sir, I want only one other thing, that this kind of coins, known as gold mohurs, when so minted should have the character of a parallel legal tender to an unlimited extent along with the rupee. Sir, I would at the outset refer to the objections raised at page 27 of the Majority Report of the Currency Commission on this question. They say at the bottom of page 26, paragraph 65 :

"The obligation to sell gold bars for all purposes makes it impossible to have any gold coin as legal tender, or to mint gold for the public, unless and until the holding of gold in the reserves is big enough to make it possible to accept the obligations implied in the introduction of a gold currency, and it is decided that the introduction of such a currency is desirable."

They say that a gold currency is desirable but they are only anxious to build up sufficient or adequate reserves before starting a gold currency. So far as it goes, so far as they have at heart this object of building up a gold reserve, it is quite welcome and it will be acceptable to all classes of people. But the first portion of it that the minting of all gold coins for the public should be stopped until adequate reserves are fully built up,—I say that portion of it cannot stand to reason. I shall read further the—

reason which they give for prohibiting all minting of gold coins for the public under any circumstances till that stage is reached :

“ Otherwise the gold from the reserves might in certain circumstances (mark it) pass into circulation without effecting any contraction in the currency and thus without fulfilling the essential purpose of securing the compensatory effect of the exchanges.”

After all, I may say that the currency experts and the esteemed gentlemen who subscribe to that view are not infallible. They conveniently forget that an amendment of the kind that I now propose is quite possible, that it may in certain circumstances give to the people some sort of indirect control over the contraction and expansion of the currency. The flaw in the argument adopted by the Currency Commission is this, that they conveniently ignore that there is a Currency Authority—either the Government or the authority that is proposed to be set up—to control the management of the currency policy. By the adoption of my amendment what would be the effect? There will be gold presented at the mints and the Government or the Currency Authority will have a perfect knowledge of the number of coins that are minted. There is the Currency Authority which has got the power of contracting or expanding the currency according to the needs and circumstances of the case. Assuming that gold is drawn out of the reserves for the purpose of minting, what happens? It will circulate no doubt, but then there is the power of the Government or of the controlling authority of the currency to effect such contraction of the currency as may be considered desirable in the shape of contracting the note circulation or the rupee circulation. The reason which is given for prohibiting the minting of gold coins to the public is not founded on any satisfactory or reasonable grounds, and I submit to the House that in my humble opinion this contraction of the currency when gold passes into circulation is not, after all, a reason for prohibiting the coinage of gold in the way in which I seek to do it by my amendment.

Coming to the question of contraction and expansion of the currency, I would say that in an ideal system of currency there must be provision for automatic contraction and expansion of the currency. Now, as it is, people cannot in any way contribute to the contraction or expansion of the currency even in a direct way. Here by adopting this amendment, at least in some form, in however small a degree, there will be a possibility for the people who know best the currency needs of the country to effect this contraction of the currency or expansion of it whenever there is a real necessity. For this reason, if for nothing else, I urge this amendment which will place in the hands of the people some power which will have some effect in directing the contraction or expansion of the currency which is very necessary, which is very vital in the interests of India, in the interests of any country. It is argued that this contraction or expansion of the currency should be in the hands of the Government till the reserves are built up. To my mind the Commissioners who wrote the Majority Report were obsessed with the idea that the people should have no sort of control directly or indirectly. At the back of their minds I could see that they wanted to favour this hoarding habit which has been going on and which has been considerably encouraged by the currency policy that has been pursued by the Government during all these years. They are quite willing to give gold for the purpose of hoarding, if the hoarding habit persists, but they are not prepared to give gold out of the reserves for the very purpose for which the reserves are being built up. I can quite well see that by drawing on the reserves the ultimate goal of establishing a full-fledged gold

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currency may be said to be delayed. Really it does not delay the matter at all in that way. To the extent to which gold is drawn for the purpose of minting and for the purpose of putting it into circulation the quantity of the reserves necessary is proportionately reduced. The Currency Commissioners say, we keep the door ajar, and, as my Honourable friend Sir Maneckji Dadabhoy would put it, we keep the door ajar for the gold currency. But I would say a greater welcome for the gold currency would be to begin at once. They seem to say, "I cannot give you anything when you come without proper notice. A day will come when I shall give you a sumptuous dinner." They keep the door open standing at the gateway and say, "The door is open to you to come in at any time, but this is not the proper time and you will have to wait your turn. I shall give you a very fine dinner one of these days. The door is kept open and you may come on that day." A guest for whom you say you have got so much sympathy and consideration should be better treated, Sir, the door might be open, but we are afraid, in view of the past history of the currency policy in this country, even when the door is fully open, the door is closed when the gold currency is about to enter and when there is a mandate to close the door fully and effectively. Under these circumstances, Sir, are we not justified in regarding with suspicion the currency policy of India which will give plenty of promises, which will always place before you this happy goal of a gold standard and gold currency, but will always try to find some reason to deny us that currency?

Sir, in this connection let me be fair to the Government of India in India. During the later phase of the history of the currency policy, successive Finance Members and the Government of India have been honest and sincere in their effort, and in their advocacy of the establishment of a gold standard and currency. But, Sir, I find that this honest attempt on the part of the people and on the part of the Government of India in India has been frustrated by various agencies; at one stage it is the Secretary of State, and when the Secretary of State also agreed at one stage, it is either the Royal mint or the financial interests of Great Britain which control in a large measure the financial policy of this country.

Sir, coming to the main question whether gold will be drawn out to any appreciable extent from the gold reserves which are proposed to be built up and which are being built up, I would say it is an undeniable factor that India has been absorbing a vast quantity of gold for several years, and this absorption is bound to continue, and with the inflow of gold which is bound to follow the favourable balance of trade in India, there will always be plenty of gold available without drawing on the reserves for the people to produce before the Currency Authority to have it minted; and if perchance gold is drawn out from the reserves owing to the obligation to sell gold under all circumstances, it will be a very desirable thing indeed, because it will go on laying the foundations for the ultimate goal of a full-fledged gold standard and gold currency. Sir, with this promise, if accompanied by some sort of fulfilment, in however small a degree it may be, the people will be satisfied. There is a large promise, I can very well see, but I am not for allowing a long credit to the promiser to defeat, defraud or delay us in giving a gold standard and currency. In so far as it lies in the power of the promiser, I would insist upon the obligation being fulfilled here and now. Well, Sir, we are accustomed to deferred payments,

we are accustomed to small instalments, for instance in the matter of reforms; so why not give us a small instalment in this also? Why not place us definitely on the road to reach the goal of a gold standard and currency by successive stages? You have adopted it in the case of reforms, and I may tell you, Sir, in all fairness, extend to us at least that modicum of sympathy and support which you have given us in regard to political reforms.

Before I proceed further, I would like to say one word more about the recommendations contained in paragraph 65. Sir, the majority of the members of the Royal Commission have no scruple in taking away the life in the gold sovereign found here. We have been crying for sovereigns which we do not have ourselves here. We got something in the shape of an ally and these people have no scruple to kill it, and they on some pretext or other want to kill that ally. We naturally do not trust the good intentions of Government unless some tangible proof is forthcoming. Sir, we are told that the sovereigns are no good; they have been paralysed, and now it does not matter if we kill them; it may be a good animal, it may be a pet animal; you have got the carcass. But it has a full and marketable face value, and you say if you will please deliver it to me, I will give you full value for it. That is the position. After all, you are taking the life out of the sovereign, the very existence of the sovereign as a currency in India. Let it pass. It may be said that it is not possible to know what amount of sovereigns may be forthcoming as currency, and it may not be possible to control the contraction and expansion of the currency. There at least there may be some justification, though I do not find any reason for putting it out of existence at a time when the sovereign is likely to recover itself and to function as currency after illness and paralysis. Sir, to deny us a gold coin in the same breath and to regard a new coin to be minted in India in the same way as the sovereign which is put out of existence so far as India is concerned is not an argument which will carry conviction to any person who has studied the currency question to some purpose.

Sir, I shall deal briefly with the reasons why this modest reform at least is necessary in the currency policy of this country to meet the ends of justice. Sir, I will first come to the stimulus of investment and banking habits which this currency will give. Much has been said on this subject, and I do not want to repeat on the floor of this House what has been said in the other place. But I want to impress upon Honourable Members one aspect of it. Sir, the Treasury Benches are so often fond of telling us that they are sincere, they are anxious to develop this country. They say they are interested as much as any nationalist in the prosperity and advancement of this country. If really there is that sincerity which they profess, let them give proofs; Sir, I ask in all seriousness, let them give us at least this reform to discourage the hoarding habit, to encourage the habit of investment, to bring out vast hoards of gold from their hidden places to circulate as currency, so that they may be available for the development of various industries which are starving for want of funds. Sir, if they think that there is any sound argument behind a recommendation of the Currency Commission not to have gold coins till a particular stage, is this a reason which will sufficiently outweigh all other considerations? Are they not willing to co-operate with the people, to find out ways and means to get out this vast hidden reserve which is absolutely useless economically? Sir, then, is it not necessary to prevent the

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hoarding habit,—it is not necessary for me to dispute whether there is this hoarding habit or not in India. Assuming that there is the hoarding habit, then will it make any difference if gold passes out of the reserves for being hoarded as gold bullion or being hoarded as gold coins? If the hoarding habit is there, it will be there; it does not matter at all, so far as the building of the reserves is concerned, whether the hoarding is in the shape of gold coin or gold bullion. What I say is this. The extra cost involved in making gold bullion into a coin would be a sufficient safeguard and it will be enough to resist the temptation of hoarding gold coins instead of gold bullion.

Sir, I will next come to the question of sentiment. Very much has been said about the sentiment of it. India is a country which has been used to gold currency from very old days, and India has not forgotten her proud history and her proud gold coins. Naturally, she hankers after gold and gold coin. Is it after all an improper sentiment? Sir, I might tell you that, if my reading—though I have not gone to the West myself—of Western habits is correct, sentiment sways the West as powerfully as it has been swaying the West and the East in the olden days. Sir, if that is the case in the West, still more so is it the case in India with its people impressionable and emotional. Sir, in a country like this, when there is a strong sentiment and when that sentiment is a proper sentiment, is there any reason for denying them the small consideration which that sentiment demands? Is it not statesmanship, is it not policy, is it not expediency, to meet a demand which is very largely a question of sentiment?

Sir, with this I will proceed to the popular demand, the political demand, to the demand for gold coins in all parts of the country and in the rural areas also.

THE HONOURABLE SIR MANECKJI DADABHOY: Hear, hear. At last the cat's out of the bag.

THE HONOURABLE MR. P. C. DESIKA CHARI: Sir, my Honourable friend, Sir Maneckji Dadabhoy, says: "Hear, hear."

THE HONOURABLE SIR MANECKJI DADABHOY: I added something; I said the cat's out of the bag.

THE HONOURABLE MR. P. C. DESIKA CHARI: I do not want to exclude altogether the political demand also, for naturally there is a political demand. When I say there is a popular demand, is it not desirable that there ought to be a political demand? Do you expect the representatives of India to sit quiet with folded hands and not respond to that political demand in the country, to that popular demand when there is a popular demand? I challenge my Honourable friend Sir Maneckji Dadabhoy to deny on the floor of this House that there is no popular demand for gold coins in the country, and if there is such a strong popular demand, it stands to reason that there ought to be a political demand and the representatives who have accepted the mandates of their electorates are bound to support such a demand. You may call it a political demand or by any other words, it is a proper demand. That is how I put it.

THE HONOURABLE THE PRESIDENT: The Honourable Member is sadly repeating himself.

THE HONOURABLE MR. P. C. DESIKA CHARL: Sir, in this connection I would like the leave of the House to quote the words of our present Finance Minister, the Honourable Sir Basil Blackett. He says, Sir:

"The introduction of gold into circulation, although it is a wasteful and expensive system, is necessary in Indian conditions to inspire confidence in the people, and provide the stimulus which is badly needed for investment and the banking habit in India."

Sir, a large number of witnesses have come forward to support this view. There are those voluminous records which have been laboriously recorded by this Currency Commission. Sir, when they took so much time for the examination of all those witnesses, did they consider that all those witnesses were of no use, that they were not likely to give evidence on relevant points? Did they consider that those witnesses would be speaking something merely theoretical, that they were not likely to give evidence of something which would be relevant to the point? Sir, we have had an able lawyer like Sir Maneckji Dadabhoy on the Commission. I would say if there was anything against the demand for gold coins he would certainly have brought it out. Sir, to some purpose I have been pouring over these voluminous pages and what do I find? That a very large number of witnesses, as many as 93 per cent. of the total number of witnesses examined, spoke in favour of the gold coin. And I would say that some of the officials who have been examined are also in favour of it. For instance, I would quote the opinion of Mr. Kisch, the Financial Secretary to the Secretary of State's Council. He says:

"These remarks do not imply that gold coinage should not be undertaken in India if the people of India desire that the gold which they import should be stamped in small units with the Government hall mark of fineness and weight and be available on occasion as legal tender."

I find, Sir, that he is advocating the very course which I am advocating by this amendment. He says there is no harm. He gives various reasons for coming to a different conclusion on other questions but he says:

"These remarks do not imply that gold coinage should not be undertaken in India if the people of India desire that the gold which they import should be stamped in small units with the Government hall mark of fineness and weight."

I am only asking that the gold which we produce should be stamped with the hall mark of fineness and weight by the Government, and it is a modest

request and I am putting it as low as all that. Sir, I find that
12 Noon. eminent professors of economics like Dr. Canon and eminent professors of banking and currency like Professor Gregory and several other non-Indian witnesses have advocated the free mintage of gold immediately as a necessary corollary, as a step, in the direction of the ultimate introduction of a gold standard and gold currency. Even those people who say that the ideal system, the system whereby this economic waste of gold currency may be avoided, advocate that the coining of gold in the Indian mints may be begun. Sir, many of them say that India should have a gold coin of its own in order to avoid further complications by having the coinage of other countries. But on this question, Sir, of gold coins being minted in India and having a coin of our own, there seems to be a good deal of support and very little of support—perhaps none—for the recommendations contained in this respect in the Report of the majority. When such is the case when disinterested, independent and reliable witnesses came forward and gave such ample testimony in favour of a gold coin, we naturally expected the Commissioners to return a finding in accordance with the evidence tendered before them. We did not expect the Commission—assuming the Commission was appointed by a court of law—to ignore altogether

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the evidence which was tendered without assigning any proper reasons for coming to a finding of their own, not supported by the evidence on record. If such a Commission were to come before a court of law, I have no hesitation in saying that the recommendations of such a Commission would be turned down, and if it came before a court of law, lawyers like myself would have had ample opportunities of cross-examining the Commissioners to find out the reasons for making these recommendations. That however is altogether a different matter. I am only dealing with this aspect of the case to show that this departure in the currency policy is necessary though it is not recommended by the Currency Commission. Sir, the position is this. You are the judges. The Commissioners have given their findings. It is for you to turn down that finding in this particular as it is not based on the evidence on record. In a way this Council is put to a difficult test now. This question of a gold coin is a crucial test which is being applied to all sections of the House. There are these Treasury Benches who say that they are anxious to introduce a gold standard and currency. They say they are quite prepared to meet you so far as it lies in their power. Then we have got the other class, the representatives of the people, and the nominated Members who really represent those who have no definite place in the franchise. Sir, I say it is the bounden duty of all of us to give the proper answer and say: "If there is a demand and if that demand is proper, we shall satisfy that demand". That is the only answer which is possible. Then, Sir, I come to the question whether the introduction of these gold coins would in any way interfere with the rupee currency. Sir, the gold mohur would be only a parallel coin to the rupee as introduced by this amendment. It will not be, for sometime at least, a powerful factor in the total currency of this country. Its effect on the total currency will be very small. Sir, if such a gold currency is introduced, there is absolutely no reason why the circulation of the rupee for normal purposes should be interfered with. I find in the evidence taken by the Royal Commission that Dr. Canon gives a crushing reply to this in these words:

"I see no ground for supposing that if complete liberty of exchanging all silver rupees and currency notes into gold coins were given at once all over India there would be an enormous demand for gold coins unless some ill-advised action had created distrust in the rupees and notes."

He says that if there is an opportunity to convert all the available silver and notes into gold, even then there will not be a great demand for gold coins unless—he postulates only one condition—unless ill-advised action had created distrust in the rupees and notes. That is a different matter altogether. I presume—and I think I am right in presuming—that our currency policy is in safe hands and they are not likely to commit anything to create this distrust in the notes and rupees. On the other hand, they will create confidence and trust in the currency policy if a gold coin is introduced at least in this modest way. Sir, Dr. Canon further disputes the statement that hoards of silver coins exist and granting they do exist he says:

"No doubt in future those hoards, if any, which would under existing circumstances be made in silver coin would tend to be made in gold coin, but there seems very little reason to expect any appreciable conversion of existing hoards, provided of course as stipulated at the beginning of this section, nothing were done to create distrust in the silver coins."

There is this further fact that in India these silver coins are found distributed in small quantities over a vast population and these people being

poor and the condition of things being what it is, it is not likely that silver coins will come in large numbers for being converted into gold, for the simple reason that these people cannot afford to do so and they will have plenty of use for small coins.

Sir, there are various other reasons which may be put forward, but I do not propose to tire the House and take up the time of the House a minute more than is absolutely necessary. Sir, to anticipate the arguments from the Finance Secretary, I would say that the object of this amendment is not to wreck this Bill but to prevent the wrecking of this Bill. Sir, the controversy over this Bill, the controversy over the principles of this Bill, and the controversy especially over the ratio question, has been raging so fierce that I am afraid it will be a good time before conditions settle down. If you are interested in maintaining stable conditions, if you are interested in giving a good field for the working of the stabilised ratio, if you are anxious that this ratio of 1s. 6d. which you have fought for so strenuously and which you have got is to succeed, if that ratio is to be the real ratio and not merely a paper ratio like your 2s. ratio, I beseech you, Sir, to create that trust, that confidence, that serene atmosphere and that good-will which are necessary for the proper working of any ratio, however suitable it may be, to have its natural effect as a stabilising factor. I appeal to you once again not to give a stone when we ask for bread. You may say the stone which you give is a precious stone. But, Sir, to hungry people, to people who cannot use all that precious stone immediately it is no good for the present, because they will have to live for some time before they can make good use of the precious stone. We would rather have an ordinary loaf of bread which will be adequate for the purpose, we would rather prefer to have it to waiting for a day when we can make use of those precious stones which are given to us. What do these Currency Commissioners say? They say, "Let us go on collecting all the building material. Let us not hurry about constructing that building, because if you begin to construct it, it will not be such an edifice as will suit the glory of India." I would say that there is no harm in using some little of that material and putting in other available material and proceeding to build out-houses and servants' quarters and the compound, so that when the time comes when we are fully equipped with all the materials for that magnificent edifice, we shall put it up, and these quarters which are put up now may at least lay the foundations of this magnificent edifice for the construction of which you want the other auxiliary equipments and these small out-houses and these compounds may stand you in good stead, if really you are sincere, you are true in your efforts to give India a gold standard and gold currency. Sir, I am only asking for a temporary thing, temporary in the sense that you are going to have a permanent gold standard and gold currency in the future, and that is why I have thought it proper to bring this temporary thing in a temporary measure brought in for the purpose of fixing the ratio. I have been emboldened in this step because the gold coin is sought to be demonetised and the proper place for the successor of the gold sovereign will be in this Bill and not in the other Bill. That Bill may have other ambitious schemes and there is no harm in having those ambitious schemes when the time comes.

One word more and I have done. We people have been waiting patiently, and personally on my part as a true Brahmin I have been waiting for some *dakshina*, that is, a parting gift. We have been to some

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extent co-operating, and it must certainly be said that this House has been considerably co-operating with the policy of the Government, and if you do not want to compel the people of this country to regard our opinions thrown on the side of the Government as chaff, I hope you will show that you have got regard for the people's opinions once in a way. I hope that you would not show to the world that you are more debased than the debased rupee. The rupee at least is convertible under all circumstances. I hope and trust that you will at least come up to the level of the debased rupee, and though not to the same level, at least to this level that you are convertible on some occasions. That is what I want; it is a test and I put you to that test. If Honourable Members on the Treasury Benches respond to this appeal made to them it will be to the interests of both the Members of the Treasury Benches and the elected representatives of the people. I would say that there has been an interchange of views and to use a currency term, I expect the compensatory effect of exchanges of views in this matter at least when there are no serious obstacles in the way. With these words I commend my amendment to the acceptance of the House.

THE HONOURABLE THE PRESIDENT: Amendment moved:

"That after clause 1 of the Bill the following new clause be inserted:

'2. In the Indian Coinage Act, 1906, after section 3 the following new section shall be inserted and the subsequent sections shall be renumbered accordingly:

Gold Coinage.

'4. (1) The mint shall coin a gold Mohur containing 123·27447 grains troy of gold 11·12ths fine.

(2) Any person who tenders at any time to the Governor General in Council, at the Office of the Master of the Mint or at any Government Treasury or the Imperial Bank or any of its branches or at any other place notified in this behalf by the Governor General in Council in the Gazette of India, fine gold and pays seigniorage to cover minting charges, according to a scale to be notified in the Government Gazette, shall be entitled to receive gold Mohurs proportionate to the amount of gold standard, at the rate of 113·0016 grains of fine gold per Mohur.

(3) The gold Mohur shall be a full legal tender in payment or on account, provided that the coin (a) has not lost in weight so as to be more than ·05 per cent. below the standard weight and has not been defaced.

(4) In the making of the gold Mohur, a remedy shall be allowed of an amount not exceeding 5,000ths in weight and 2,000ths in fineness:

Provided that the above provisions shall not come into operation until such date as the Governor General in Council may direct in this behalf:

Provided also that such date shall not be later than 1st March, 1928."

I would remind the House of the opinion expressed at the beginning of the morning sitting that it is eminently desirable that the Finance Bill should be disposed of in this House to-morrow. It is a necessary corollary of that proposition that this Bill should be disposed of in this House to-day. I see very little prospect of it unless subsequent speakers are far more successful than the last in condensing their arguments.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadian): Sir, I rise to support the amendment moved by my Honourable friend Mr. P. C. D. Chari, Sir, India could boast of a gold currency for both external trade and internal purposes from time immemorial, and it is only under the British Raj that it has become the

helpless victim of exchange. "The wealth of Ormuz and of Ind, or where the gorgeous East with richest hands, showers on her kings, barbaric pearl and gold"—such was the glowing picture of India and the East generally, portrayed by that eminent poet Milton, about 300 years ago. We have even to-day the ancient gold mohurs and other gold coins treasured up as relics of India's glorious past, in families which can claim a long and prosperous lineage. The currency system in India under the British rule has rightly given rise to grave doubts and misgivings in the minds of the people, and however docile the Indian may be, he is shrewd enough to observe that India is slowly and gradually being despoiled of her gold and silver and left only with copper, nickel, and paper instead. It is no exaggeration when I say that when the new nickel coins and one-rupee notes were first introduced during war time, people began seriously to recall the dark days of Mohd. Bin Taghklak Shah, when, as chronicled in history, leather coins were forced in circulation. "All is fair in love and War" and that great Muhammadan Emperor can be said to be no more guilty of currency follies and muddles committed during his Chinese expedition than the British during the Great War. Having thus consoled themselves, the people of India naturally expected, after the war, a speedy return to normal conditions. But, now, Sir, what do we find? The sovereign and half sovereign are going to be demonetized the nickel coins have come permanently to stay and the much-despised one-rupee note will have its rebirth shortly. To crown all these, a higher exchange value is given to the silver rupee, which would go to aggravate the misery and indebtedness of the agricultural population of this country. The introduction of a gold standard and gold currency is a faint vision of the distant future which may even fade away with the march of time. The Government of India had, and still have, no doubt, the gold currency as their ideal but like the self-government for India, they wish it to be reached by successive stages only. Now, let us examine the efforts the Government have so far made in this direction in the past. According to the recommendations of the Herschell Committee 'the policy adopted in 1893, by the closing of the mints to the free coinage of silver had for its declared object the establishment of a gold standard for India.' The Fowler Committee appointed in 1898 made the following specific recommendation:

"We are in favour of making the British sovereign a legal tender and a current coin in India. We also consider that, at the same time, the Indian mints should be thrown open to the unrestricted coinage of gold on terms and conditions such as govern the three Australian Branches of the Royal mint. The result would be that, under identical conditions, the sovereign would be coined and would circulate both at Home and in India. Looking forward as we do to the effective establishment in India of a gold standard and currency based on the principles of the free inflow and outflow of gold, we recommend these measures for adoption."

The Chamberlain Commission appointed in 1913, however, abandoned the ideal of a gold standard based on gold currency though they said there could be no objection on principle to its establishment. The Babington-Smith Committee that followed it in 1919, were precluded by the terms of reference, from considering alternative standards of currency. Thus, Sir, the successive stages adopted by the Government in regard to the realization of the ideal of a gold standard and gold currency for India were only in the descending order, *viz.*, (1) vacillation, (2) stagnation and (3) ultimate abandonment of the ideal and policy adumbrated by the Herschell Committee about a quarter of a century ago. And now, Sir,

[**Rao Sahib Dr. U. Rama Rau.**]

the Young Committee has set up another ideal and policy before the Government and the public and that is what is called the gold bullion standard. In the opinion of this Commission, this standard fulfils the essential condition that it should be not stable only but simple and certain. The Commission adds that "it has the characteristics necessary to inspire confidence in the Indian people, to promote the habits of banking and investment and to discourage the habit of hoarding precious metals." Sir, my sincere conviction is that so long as the banking system in India is what it is at the present day, namely, a prop to European traders and exploiters, it cannot inspire confidence in the public. The Indian public cannot be accused if they find themselves reluctant to invest their savings in banks, when they know that the sums they invest are handled more freely and more largely for the advancement of foreign trade and industry than for the promotion of indigenous ones. Further, many banks and banking firms have collapsed within recent times which has shaken the public faith in them. Sir, in my own presidency, the late firm of Messrs. Arbuthnot & Co. were noted for their large banking business, and the rate of interest being slightly higher than that offered by the Madras Bank, agriculturists, merchants, officials, pensioners, and helpless widows too, invested their small savings in that firm which was credited with a long existence and was next in importance to the old Bank of Madras. All at once, the firm collapsed, with the result that a good many were rendered penniless and it was no consolation to the distressed and disappointed constituents when they heard that the principal of that firm was awarded 18 months' rigorous imprisonment for fabricating accounts, for after all their money was irrecoverably lost. Recent events in the Imperial Bank of India in Madras, where the Government money is kept, disclosed very serious revelations and sad mismanagement. How then can the Government expect the public to have confidence in the banks? The so-called hoarding habit is the direct outcome of the policy or want of policy on the part of the Government, with regard to exchange, currency and banking. As long as gold is kept hidden from the public view, so long will the people have a craving for it. When once gold comes into actual circulation and is daily handled, this hoarding habit will cease. Sir, trust begets trust and confidence begets confidence. I recollect, some years ago, the currency authorities issued a notification clothed in rather ambiguous language, that the value of a sovereign would be fixed permanently at Rs. 10 after a certain date, and these who were anxious to have the sovereigns in their possession converted at a higher rate into silver coins might do so before that time. This was really tempting and all classes of people, especially the middle-classes, were daily knocking at the doors of the Currency officer—I speak from my experience in Madras—with their little hoards of sovereigns for encashment and conversion into silver, so that after the prescribed date they might be re-converted into sovereigns and thus procure some extra benefit. The appointed time arrived but this time the doors of the Currency office were ruthlessly shut against the public who were told that sovereigns had ceased to circulate and none would be available for sale. The Government's stress for sovereigns at the time was relieved no doubt, to a certain extent by this device, but they had lost the confidence of the public. The Gold Bullion Standard and the Reserve Bank and all these measures would never appeal to the masses unless and until they have visible evidence of gold coin passing through their hands in

circulation. With regard to the gold bullion standard, a distinguished writer, in "The Monthly Review" of the Midland Bank of London, in September 1926, observed as follows:

"The fact that no gold coin will circulate means that the outward evidence of the gold standard—the only evidence which can possibly appeal to the vast mass of Indian Natives—will be suppressed. It will be like an artist painting a picture in colourless oils. An expert may see what the painter is endeavouring to portray, but for all ordinary people, the artist might just as well be spending his time in idle meditation. The only evidence of the gold standard which will appeal to the native, is provided by an ingenious scheme of savings certificates, redeemable in three or five years in gold or legal tender at the option of the holder or before maturity in legal tender only. The purchase of these certificates however presupposes some faith in established institutions and some acquaintance with the principles and practice of savings, so that it cannot be concluded that this is anything more than a palliative for the otherwise almost complete absence of practical demonstration of the existence of a gold standard."

In these conditions, the so-called bullion standard is little better than a bastard. The Midland Bank Monthly Review writer further observed that to present India with the bullion standard is like "giving a motor car without the means to obtain petrol." All this implies that there is no satisfactory substitute for an honest gold standard. Britain's persistence in refusing gold to India has made every Currency measure which she approves of suspect in the eyes of the people. The best antidote to India's gold 'hunger', in so far as she is smitten by that disease, is straightforward recognition of what is her due, irrespective of the alarmists' croakings about the possible repercussion of that policy on British or Indian finance. If this is done, it will be soon found that the capacity of the stomach for gold for use even of India is surprisingly limited. The proposal made in the amendment is a modest beginning and will be the first step in the realization of the ideal of a gold standard and currency for India. Opinion of experts and laymen both in England and India is almost unanimous on this question of gold currency and unless the gold bullion standard, like the *de facto* ratio, is a settled fact, I see no reason why the Government should not accept this amendment.

With these words, Sir, I support the amendment.

THE HONOURABLE RAI BAHADUR NALININATH SETT (West Bengal Non-Muhammadan): Sir, I support this amendment. The technical side of the question has already been dealt with by the previous speakers. I only desire to say a few words generally. I believe that with regard to gold currency, there is very strong support in the country for its introduction, at once. The Currency Commission admit in their Report that, next to stabilisation of exchange, the most important point is the gold currency. It has been said that, under present circumstances, the introduction of gold currency will be very expensive mainly from the point of view that there will be shortage of world gold and the depression in the value of silver. It has also been said in the Report that the most advanced countries are practically using paper currency and are not using gold as currency owing to the great loss by use of the precious metal. India under the present circumstances is unable to follow the advanced countries of the world for various reasons. The people of India want gold currency at once. Her ignorant millions will not understand the so-called advantages of paper currency in the absence of gold coins or even of silver coins which it is proposed will not be available in exchange for paper notes. In my opinion, gold coinage should be introduced at once, even if there be some expense

[Rai Bahadur Nalininath Sett.]

for it. According to the estimate of the Finance Department it is not much. The estimate is one and two-third crores per annum during the first five years and thereafter from two-thirds of a crore to 1.12 crores. Giving the people confidence in the stability of the currency is certainly a great thing. The widespread desire for the gold currency which was expressed by so many witnesses before the Commission should not be ignored. We are unable to appreciate the view of experts that the circulation of gold is beginning to be regarded as a sign of a backward civilisation. When people will be assured that there is gold currency and that they can get gold coins in exchange for paper notes, there will certainly be less tendency and desire to hoard gold and there will be less demand for the coins themselves. If India has to stand on its own legs we must have immediately gold currency. With these words I support the amendment.

THE HONOURABLE SIR BASIL BLACKETT (Finance Member): Sir, the last speaker has said, India wants a gold currency, therefore give it her. Even if it is a little expensive, give it her. But he has not attempted, nor have I heard anyone seriously attempt, to meet the argument clearly set forth by the Royal Commission that the introduction of a gold standard with a gold currency in India in any short period is simply impracticable. I can understand the attitude of those who say, India wants a gold currency, and India ought to have a gold currency as soon as possible. But it is clearly impossible to give India a gold currency simply by passing a clause in this Bill or in any Bill. Let us just see what would be the effect of either of these clauses. Both these clauses give the individual the right to go to a mint in India, to take gold to that mint and obtain gold coins from the mint for the purposes of circulation. This Bill imposes on the Governor General in Council, on the Currency Authority, an obligation to maintain at parity the legal tender currency of this country by giving sterling exchange freely under an obligation imposed on the Currency Authority whenever anybody asks for it. All therefore that those who desire a gold currency have to do, if they add this clause to the Bill, is to take their rupees and their currency notes to the Government as Currency Authority to obtain from the Government as Currency Authority sterling under the obligation imposed by this Bill, to use the sterling to buy gold, to bring the gold to India and take it to the mint and get it coined. That is to say, there is a certainty of a very large substitution of gold for currency notes and rupees in the circulation and a possibility of an enormous substitution. Now, the Government in undertaking the obligation to give sterling in exchange for legal tender are undertaking an obligation which is dependent on the size of their reserves. Those reserves are more than amply sufficient for the purpose of maintaining the parity of exchange value of the currency notes and rupees now in circulation so long as the Government are assured that the demand for rupees and notes for circulation will not be subjected to a sudden and large diminution owing to some unexpected cause not at present operating. But if you add to the causes at present operating the possibility of a very large substitution of gold currency for legal tender now in circulation, it is perfectly clear that the Government would quickly be faced with the position that their existing reserves were entirely insufficient to maintain the parity of the rupee at any exchange rate whatsoever. In fact, the operation of this clause, if added to this Bill, would be to break down the currency system of India altogether. It would not give India a gold currency, it would break down the

currency system of India altogether. The Finance Department of the Government of India put before the Currency Commission a very carefully worked out scheme for the gradual introduction of a gold standard with a gold currency by successive stages, each stage being carefully safeguarded so as to prevent risks of breakdown. The Currency Commission examined that scheme and came to the conclusion that it involved too great risks for India for them to be able to recommend it. The Finance Department had stated that the success of their scheme depended upon certain particular prerequisite conditions including the co-operation of authorities in the United Kingdom and in America, which co-operation was not forthcoming. The Finance Department have therefore felt compelled to accept the view of the Currency Commission that the adoption of their scheme in full at this stage would involve the risks that the Currency Commission say that it would. The Currency Commission, therefore, have suggested a scheme which is in fact the first stage in the Currency Commission's proposals, leading on, if the people of India so desire it, as soon as gold reserves have been accumulated in sufficient quantity, to the second and third stage and ultimately to a gold currency for India. Those who want a gold currency for India, in my opinion, will do well to consider seriously whether the quickest way of getting it is not to accept the recommendations of the Currency Commission. I for one express my opinion that that is the method that is most likely to bring India a gold standard and if she wants it a gold currency by the quickest means available to India. I suggest, therefore, that when a scheme with careful safeguards has been pronounced by the Currency Commission to be too risky for India to be wise to adopt it, it is clearly not in the interests of India to put a scheme, as proposed in this amendment, with no safeguards whatever on to the Statute-book.

To do so is not to forward the case of the gold currency but simply to break down the existing currency system of India. That is the argument that I would put forward why this proposal should be rejected. But I have one further point to make. The whole question of the recommendations of the Currency Commission, the desirability of the introduction of the gold bullion standard and the possibility of some alternative will come forward for careful consideration by a Committee of the Legislature and then by the Legislature as a whole in connection with the Gold Standard and Reserve Bank Bill, and that will be the opportunity to consider, not whether it is possible immediately to accept a clause of this sort, but whether it is possible to frame a scheme which will not merely point towards the adoption of a gold currency, if that is what India desires, but will directly lay down plans for arriving at such a conclusion. I am personally inclined to think that any attempt to lay down a date by which you will introduce gold currency or even to say definitely that a decision has been arrived at in the minds of India to introduce gold currency is more likely to delay than otherwise the introduction of such a currency because it will lead to the world attempting to protect its gold against the possibility of an Indian demand. However that may be, I would submit that the time for considering an amendment of this sort is on the Gold Standard Bill and not now, and that you will only break down the currency system of India altogether by putting a clause of this sort on the Statute-book. The position is really this, that you cannot impose on the Currency Authority an absolute obligation in all circumstances to prevent exchange from falling below the export gold point and at the same time have a gold coin freely in circulation until such time as you have built up very much larger reserves than are in sight at the

[Sir Basil Blackett.]

present time or for some little time to come. You can theoretically have a gold coin in circulation, the coining of which is at the option of the Government and with only a limited quantity available, with no possibility for the public to increase at its own option the amount of such coins in circulation, and have a gold bullion standard or a gold exchange standard in operation, but you cannot have a gold bullion standard or a gold exchange standard in operation as well as an uncontrolled amount of gold coins in circulation unless your reserves are very ample. You cannot give the public the option of bringing sovereigns in freely from outside the country or bringing gold to a mint and having it converted into gold coins without risking the breakdown of the primary obligation, namely, the maintenance of stability of exchange. If this Bill which imposes for the first time an obligation on the Government as Currency Authority to maintain stability of exchange is to succeed in its object, you must not at the present time wreck it or risk its success by imposing on the Currency Authority the obligation to have a free and an unrestricted increase in the gold circulation of the country. The two are not compatible, and I would therefore appeal to this Council not to be led away by the obviously true statement that the majority of opinion in India is at present advised is in favour of a gold currency, but to consider the practical question whether by adding a clause of this sort to the Bill they are in any way furthering that object. I say you are not furthering but you are hindering it. I therefore appeal to the Council to reject the amendment.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces Nominated Non-Official): Sir, my task has been considerably lightened by the very happy intervention at this stage of the Finance Member who has so graphically dealt with the difficulties that were in the way of the Currency Commission. I must state at the outset that it is not a happy augury for India that purely economic questions should be dealt with and clouded by political considerations. My friend Seth Govind Das accused the Government of a policy of sending out all the gold from India and not keeping it in India. I hope he has heard the explanation which Sir Basil Blackett gave a few minutes ago.

THE HONOURABLE SETH GOVIND DAS: Not satisfactory.

THE HONOURABLE SIR MANECKJI DADABHOY: Not satisfactory? The Government of India laid before us a scheme asking for the introduction of gold currency by successive stages and the whole responsibility of adopting or discarding that scheme rested with the Commission, and it was the Commission who after careful consideration turned down the scheme of the Government of India for the present and took the responsibility of advising an altogether different scheme. I assure all Honourable Members in this Council that I and my brother colleagues on the Commission fully sympathise with the aspirations and the desire of India to have a gold currency. We are in full agreement on that subject. We want to accelerate the date of the introduction of a gold currency into this country, and it is for that purpose, that our scheme may not be wrecked and that we may be treading on a safe and expedient course that we have at present asked you to stay your hands for a few years from the introduction of a gold currency into this country. We desire, I mean the Currency Commission sincerely desires, that at an early date the gold currency should be

introduced in this country. The difficulty which we did encounter was that we have introduced a gold bullion standard for India and we have placed for the first time in the history of this country an obligation on the Currency Authority, or the Reserve Bank when it comes into existence, of buying and selling gold at gold parity. We have laid that obligation, not to sell gold for the purpose of supporting foreign exchange only, but we have also given them that power for the purpose of internal supply of gold and for the safe working of that mechanism we thought that the sovereigns and the gold coins would be a hindrance and would thwart the object of the scheme which we have at heart. It is necessary to maintain the compensatory effect of exchanges, and the result of free mintage of gold coins in an Indian Mint will have a disastrous effect on the policy that we have indicated. We have sought to meet the currency difficulties of the Government of India by formulating a scheme which will cause an automatic expansion and contraction of currency. With that object we have introduced a gold bullion standard, because, when gold is actually delivered to the Currency Authorities in exchange for rupees and notes, currency will be expanded, and on the other hand, when gold is delivered by the Currency Authorities in exchange for rupees or notes the currency would be contracted. Our scheme aims at achieving that object to the full, and if we allow gold coins to come into existence and function as currency in the State, it will cause a grave dislocation of business. You are aware that in the past the silver hoards have caused a great dislocation in the currency system of the Government. India is a peculiar country. In no country in the world are coins hoarded. This is the only country where coins, be they silver or gold coins, are hoarded. You are aware that the function of coins is to circulate. The main object of currency is circulation so that barter may take place conveniently and without hindrance. If a large measure of that currency is daily put into the hoards, whether it be silver hoards or gold hoards, the result is that the compensatory mechanism of exchange is disturbed and the very function for which the currency is intended does not succeed. It was with that very object and to cause an automatic expansion and contraction of the currency—it was with the object that the whole currency system of the country may be successfully worked and the desire of the people of India for the introduction of a gold standard in the country at the earliest possible time may be realised—that we have adopted a cautious policy which we have recommended in our Report in antagonism to the opinion of the Government of India on that subject. We have expressly stated in our Report that no sooner are our reserves satisfactorily built up, and probably most of you are aware that in our Paper Currency Reserve which now stands at 185.1 crores the actual gold coin and bullion is only 22.8 crores, we have got very little actual gold coin and bullion in the reserves and it will be impossible for the Currency Authority to meet the demand for the free coinage of gold in this country that we have postponed the immediate introduction of a gold currency. It is with that object that in paragraph 78 of the Report we advised :

“The holding of gold, which now stands at about 12.8 per cent., should be raised to 20 per cent. as soon as possible, and in any case in not more than 5 years, and to 25 per cent. in 10 years, with a minimum of Rs. 30 crores from the outset. This would give a minimum of about Rs. 60 crores after 10 years on the basis of the present circulation. During this period no favourable opportunity of fortifying the gold holding in the Reserve should be allowed to escape.”

I trust that the standard which we have laid down will be attained even earlier than 10 years. We have now settled the ratio question, and if the

[Sir Maneckji Dadabhoy.]

trade conditions of India improve, there is no doubt that India will be in a position to attain the result which we have indicated at a much earlier date. Put in a nutshell the proposition is simply this. The Currency Authority is delegated with a responsibility. This responsibility, in our opinion, can be best fulfilled by the Currency Authority by keeping a certain percentage of gold and gold exchange in the Reserve. The maximum amount of gold or gold exchange to be kept in the Reserve is determined by the excess of India's foreign payments abroad over India's credit abroad, but it should be remembered that every sale of gold involves a contraction of an equivalent amount of internal legal tender currency. The Council is aware that there is a limit beyond which it is impossible for any Currency Authority to contract or expand the currency. In all countries which have adopted as their basis the gold exchange or the gold bullion standard the maximum of the total amount of gold or gold exchange kept in the reserves is determined by this contractability of the currency. In India owing to larger amounts of gold in hoards the problem has become more complicated. The currency in hoards being stagnant and lying idle is not able to perform the ordinary object and the motive of functioning as currency. People estimate that there are over 200 to 250 crores of sovereigns in hoards and they are at present not performing the work of currency for which they were originally intended. Realise the state of affairs if these sovereigns come out into circulation at any time. If they do, it will be imperative to withdraw a corresponding amount of token currency if the legal tender character of the sovereign is to be maintained. The result will be that the Currency Authority will have a large amount of the legal tender currency for conversion into gold and gold exchange for which they have not made any provision. This obligation is absolutely impossible for the Currency Authority to undertake for the present. The object of the Currency Commission's proposal is to render innocuous these hoards which consist of gold coin in order that the Currency Authority may exercise control over the volume of monetary circulation in India and thereby be in a position to maintain the exchange value of the rupee stable. It should be carefully noted that the maintenance of the legal tender character of the sovereigns unless demonetised will place on the Currency Authority an onerous obligation which the Commission think it is not practicable for it to undertake with safety at this stage. The demonetisation of sovereigns is ~~therefore~~ essentially necessary in order that our recommendations may be given effect to in their entirety, and the system which we have chalked out may not be wrecked by the circulation of gold currency. It was that desire that prompted us to make a recommendation of this sort.

I shall only say a few words regarding the alleged desirability and the necessity of the immediate introduction of a gold currency in India. A great deal has been said by the previous speakers on the subject. It has been said that since the Muhammadan rule the gold currency has prevailed. Nobody disputes that proposition. Nobody disputes that a gold currency is the ideal to attain, but the House must be aware that since 1920 at least, since the ratio was 2s., the gold sovereign or gold currency has ceased to function as currency. Even when the gold currency was introduced for the first time in 1905 very few sovereigns really circulated. Whatever sovereigns were minted went into the hoards with the result

that you are fully aware. All the civilised countries of the world are now gradually giving up gold coins. We in India desire, at least it is the desire of the Commission, that India should take advantage of the experience of all civilised first class commercial countries, that we should build up our future currency policy on the experience gained by other nations and that we should not start a new policy altogether. And we thought that it would be safer in the interests of India to abide by the experience of other important nations. In England gold currency only exists in name. We have the evidence of Lord Montagu Norman on that point that gold sovereigns cannot be claimed as a matter of right by any party in the country. In the United States a gold currency simply exists in theory but not in practice. Many of you must have studied the evidence given by Governor Strong on that subject. I cannot understand the amazing statement made by my Honourable friend, Seth Govind Das, this morning, who is supposed to have read the evidence of Lord Montagu Norman as well as that of Governor Strong. When the gold standard was introduced in England the Chancellor of the Exchequer made an explicit statement, which is pertinent to our discussion here to-day, and I will draw the attention of the House to his remarks on the subject. When this gold standard was introduced in 1925 he stated thus:

"Returning to the international gold standard does not mean that we are going to issue gold coinage. That is quite unnecessary for the purpose of the gold standard and it is out of the question in present circumstances. It would be an unwarrantable extravagance which our present financial stringency by no means allows us to indulge in. Indeed, I must appeal to all classes in the public interest to continue to use notes and to make no change in the habits and practices we have become used to for the last 10 years. The practice of the last 10 years has protected the Bank of England and other banks against any appreciable demand for sovereigns or half sovereigns."

And what has been the state of affairs in the country? Since the War the people of this country have more readily and more willingly taken to paper currency, and this policy encourages them to invest money in bonds and other securities and not to hoard the money. Are you prepared
 1 P. M. to go back on this system? Don't you think it is advisable in the interests of India that the people should be taught that their progress as a nation lies in cultivating the banking habit, getting out money from their hoards, investing the same in safe banks and enriching themselves? Money invested in hoards is unrecuperative; money which goes in circulation and is utilised brings in wealth and prosperity. Is it, therefore, advisable that we should go back and perpetuate a system which is uneconomical and for which there is no necessity or no real demand? My friend Seth Govind Das said this morning there is a demand for gold and gold coins. I controvert that statement. There is a demand for gold coins for hoarding purposes, but there is no demand for gold coin for the actual purpose of circulation

THE HONOURABLE SETH GOVIND DAS: There is certainly a popular demand for gold coins which is conclusively proved.

THE HONOURABLE SIR MANECKJI DADABHOY: I know more than you do.

THE HONOURABLE SETH GOVIND DAS: You know more of the Government demand, you know nothing of the popular demand.

THE HONOURABLE SIR MANECKJI DADABHOY: My friend talks of the popular demand. Let me give him a few figures. We say that even to-day the demonetisation of the sovereign is recommended only for currency purposes. As a store of value, if you want to store gold sovereigns in your house, who is there to prevent you from doing it? Nobody stops you. What has happened actually? During the five years preceding the War, India imported sovereigns to the extent of 11 crores of rupees a year. The War of course put a temporary ban on the importation of sovereigns. In 1924-25 India imported gold bullion to the extent of 73 crores, of which 14 crores represent imports of sovereigns. Is there anything to prevent India from having private imports if she wants to keep the sovereigns as a store of value, to hoard them in the country? There is nothing to prevent you from importing sovereigns into this country. This legislation does not prevent you from importing gold sovereigns into this country. The present section only takes away the tender quality of the sovereign for the purposes of currency in this country. But if you like to utilise it as gold, you are welcome to buy it; there is no legislation to prevent you from buying it; Government is not going to introduce any legislation to prevent you from buying gold. In fact, at no period in the currency history of India has any legislation been introduced for the prohibition of gold entering this country except for a brief period during the War when gold was required for the purpose of fighting the Great War, and a temporary ban was put on the import of gold. Well, that ban was removed at the earliest possible opportunity. There is really nothing to prohibit you from importing gold into this country. The passing of the present legislation does not in any way prevent you from importing gold and hoarding it if you like to do so. As a matter of fact, sovereigns worth crores of rupees have been purchased, and even now, though they do not circulate at all since the year 1920, sovereigns are pouring into this country week by week, month by month. The only object of this legislation, as I said, is to take away the tender quality of the sovereigns in order that the scheme which we have propounded should work satisfactorily and that it should not be wrecked. In connection with this there has been no difference of opinion. Even our colleague Sir Purshotamdas Thakurdas agreed with us in this view. I will read his words from paragraph 53 in his Minute of Dissent. He says this—

“But as nine of my colleagues are convinced of the necessity of demonetising the sovereign and the half sovereign as essential to the establishment of a gold bullion standard, I am prepared to view with diffidence my inability to see eye to eye with them and do not press my objections beyond recording my opinion.”

Here our colleague was in agreement with us.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: No, no.

THE HONOURABLE SIR MANECKJI DADABHOY: He did not differ from us in this matter, I know.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: He got his objection put on record.

THE HONOURABLE SIR MANECKJI DADABHOY: Since then he has resiled from the position he had taken up formerly, under the combined pressure of the National Party and the Swaraj Party. What has been the result of it? He has entirely given away his own Minute of Dissent by taking up the attitude he has taken. The whole Minute of Dissent was founded on it, and I shall have another opportunity to speak more about it when the Reserve Bank Bill is introduced, but I assure this House that

it is our desire to give gold currency, and in order to accelerate the period of the introduction of that currency, we have made this recommendation in the real interests of this country, and if you have the real interests of India at heart, then support our proposal, so that you can get gold currency at no distant date.

THE HONOURABLE MR. G. A. THOMAS (Bombay: Nominated Official): Sir, I move that the question be now put.

THE HONOURABLE THE PRESIDENT: The question is that the question be now put.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question is:

"That after clause 1 of the Bill the following be inserted as clause 2:

- (a) The Governor General in Council shall from the 1st day of August, 1927, establish a gold mint in Bombay or Calcutta, where gold coin shall be minted, containing a quantity of gold, equal to that in the British sovereign, and of the same weight and fineness. Such a coin shall be called a gold mohur.
- (b) Any person who offers to the Governor General in Council, at the office of the Master of the Mint, at Bombay or Calcutta, Rs. 13-5-4 shall be entitled to receive from the Master of the Mint, a gold sovereign or gold mohur.
- (c) Any person who offers to the Master of the Mint at Bombay or Calcutta, a quantity of gold, equivalent in weight and fineness, to that contained in the British sovereign shall be entitled to receive in exchange, for this amount of gold so tendered, a gold sovereign or a gold mohur."

The Council divided:

AYES—10.

Desika Chari, The Honourable Mr. P. C.
Govind Das, The Honourable Seth. Khaparde, The Honourable Mr. G. S. Mahendra Prasad, The Honourable Mr. Mukherji, The Honourable Srijut Lokenath.
Ram Saran Das, The Honourable Rai Bahadur Lala.

Ramadas Pantulu, The Honourable Mr. V.
Rama Rau, The Honourable Rao Sahib Dr. U.
Roy Choudhuri, The Honourable Mr. Kumar Sankar.
Sett, The Honourable Rai Bahadur Nalininath.

NOES—27.

Akbar Khan, The Honourable Major Nawab Mahomed.
Brayne, The Honourable Mr. A. F. L. Charanjit Singh, The Honourable Sardar.
Commander-in-Chief, His Excellency the.
Corbett, The Honourable Mr. G. L. Dadabhoy, The Honourable Sir Maneckji.
Das, The Honourable Mr. S. R.
Evans, The Honourable Mr. F. B.
Froom, The Honourable Sir Arthur.
Gray, The Honourable Mr. W. A.
Habibullah, The Honourable Khan Bahadur Sir Muhammad, Sahib Bahadur.
Haig, The Honourable Mr. H. G.
Mammohandas Ramji, The Honourable Mr.

McWatters, The Honourable Mr. A. C.
Mehr Shah, The Honourable Nawab Sahibzada Saiyad Mohamed.
Misra, The Honourable Pandit Shyam Bihari.
Nawab Ali Khan, The Honourable Raja.
Rainy, The Honourable Sir George.
Sams, The Honourable Mr. H. A.
Stow, The Honourable Mr. A. M.
Suhrawardy, The Honourable Mr. M.
Swan, The Honourable Mr. J. A. L.
Symons, The Honourable Major-General T. H.
Tek Chand, The Honourable Diwan.
Thomas, The Honourable Mr. G. A.
Thompson, The Honourable Sir John Perronet.
Umar Hayat Khan, The Honourable Colonel Nawab Sir.

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The question is:

"That after clause 1 of the Bill the following be inserted as clause 2:

'2. In the Indian Coinage Act, 1906, after section 3 the following new section shall be inserted and the subsequent sections shall be renumbered accordingly:

Gold Coinage.

'4. (1) The mint shall coin a gold Mohur containing 123.27447 grains troy of gold 11-12ths fine.

(2) Any person who tenders at any time to the Governor General in Council, at the Office of the Master of the Mint or at any Government Treasury or the Imperial Bank or any of its branches or at any other place notified in this behalf by the Governor General in Council in the Gazette of India, fine gold and pays seignorage to cover minting charges, according to a scale to be notified in the Government Gazette, shall be entitled to receive gold Mohurs proportionate to the amount of gold tendered, at the rate of 113.0016 grains of fine gold per Mohur.

(3) The gold Mohur shall be a full legal tender in payment or on account, provided that the coin (a) has not lost in weight so as to be more than .05 per cent. below the standard weight and has not been defaced.

(4) In the making of the gold Mohur, a remedy shall be allowed of an amount not exceeding 5,000ths in weight and 2,000ths in fineness:

Provided that the above provisions shall not come into operation until such date as the Governor General in Council may direct in this behalf:

Provided also that such date shall not be later than 1st March, 1928'."

The question is that that amendment be made.

I think the "Noes" have it.

THE HONOURABLE MR. P. C. DESIKA CHARI: The "Ayes" have it.

THE HONOURABLE THE PRESIDENT: Is the Honourable Member proposing to challenge a division?

THE HONOURABLE MR. P. C. DESIKA CHARI: Yes, Sir.

THE HONOURABLE THE PRESIDENT: Will those Honourable Members who vote "Aye" rise in their places? The "Ayes" are 10.

Will those who vote against the amendment rise in their places? The "Noes" are 27. Therefore, the "Noes" have it.

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The decisions that have been arrived at by the House on the Bill dispose of practically all the amendments which stand on the paper. I now propose to proceed with the clauses of the Bill in the usual order.

The question is:

"That clause 2 do stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 3 do stand part of the Bill."

THE HONOURABLE RAI BAHADUR LAJA RAM SARAN DAS: Sir, I beg to move an amendment:

"(a) That sub-clause (c) (i) of clause 3 of the Bill be omitted.

(b) That sub-clause (d) (i) of clause 3 of the Bill be omitted.

(c) That sub-clause (e) (ii) of clause 3 of the Bill be omitted."

THE HONOURABLE THE PRESIDENT: Before the Honourable Member proceeds further, I should like to be quite clear on this point. As I have read it, I understood that the sub-clauses in the Bill which he seeks to amend are necessarily consequential amendments on clause 2 of the Bill to demonetise the sovereign and half-sovereign. If that is so, it seems to me that with the demonetisation of the sovereign and half-sovereign the amendments the Honourable Member proposes to move are no longer proper.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I beg to say that the demonetization is a different matter to the one which has already been debated upon, and so I beg your permission to allow me to move the amendment.

THE HONOURABLE SIR BASIL BLACKETT: Sir, I do not know whether you want me to intervene on this point. The question of the demonetization of the sovereign is to some extent a different one from the amendment that has recently been discussed, but that question is disposed of. I understand, by the passing of clause 2. Clause 2 has been passed and therefore that question of the demonetization of the sovereign is no longer open. These amendments to clause 3 are absolutely consequential on the proposed amendment to clause 2 which has just now been ruled out. I think, Sir, as you have said, that these amendments are ruled out by the decision already taken by the Council.

THE HONOURABLE THE PRESIDENT: That was the point that I endeavoured to make, not that on the previous decision of the Council with regard to clause 4 these amendments are ruled out, but as the House has adopted clause 2, the amendments contained in the Bill in clause 3 are purely consequential on the passing of clause 2 and therefore, the Honourable Member's amendments to omit them are decidedly inappropriate. The Honourable Member is entitled to speak on the clause if he so desires.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, the demonetisation of the sovereign which is in the Bill is such a grave subject that I must oppose it and also warn the Government

THE HONOURABLE THE PRESIDENT: The Honourable Member is rather late in opposing it. The House has already passed clause 2. Clause 2 stands part of the Bill. The Honourable Member's speech, if it came at all, should have come when clause 2 was put to the House.

The question is:

"That clause 3 do stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 5 do stand part of the Bill."

THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Sir, I beg to move:

"That in sub-clause (1) of clause 5—for the words 'of the Controller or the Deputy Controller, as the case may be,' the words 'of the purchaser' be substituted."

[Mr. Kumar Sankar Roy Choudhuri.]

The object of this amendment is quite simple. It is to give the option to get gold or sterling to the purchaser instead of leaving it to the Controller or the Deputy Controller. Since the Government have agreed to give sterling or gold. I do not see why they should object to give it to the purchaser if he wants to have it. I submit that the Government ought to accept this amendment.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, the amendment seeks to impose on Government a definite obligation to give to any person gold at any time from 1st April, 1927, and that, Sir, is an obligation which Government are not in a position during this provisional stage to undertake. The question of the selling of gold would arise under the Reserve Bank Bill and only then, when the Reserve Bank is fully established, will they be in a position to give gold on demand. At present, if this amendment were passed, Government would find themselves on the 1st of April, 1927, with somebody coming forward demanding a considerable amount of gold. Government would be bound by Statute to give that gold which they will not be in a position to do as they have not built up any reserve. The option must remain with the Controller of Currency as long as he continues to control the currency. I oppose the amendment.

THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: I submit, Sir

THE HONOURABLE THE PRESIDENT: The Honourable Member has no right of reply. Does he wish to make a personal explanation?

THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: There is a subsequent amendment also to this clause.

THE HONOURABLE THE PRESIDENT: I have not yet put the clause. I will put the Honourable Member's first amendment now

The question is:

"That in sub-clause (1) of clause 5—for the words 'of the Controller or the Deputy Controller, as the case may be,' the words 'of the purchaser' be substituted."

The motion was negatived.

THE HONOURABLE MR. KUMAR SANKAR ROY CHOUDHURI: Sir, I beg to move:

"That in sub-clause (1) of clause 5—for the figures '1065' the figures '40' be substituted."

The object of this amendment is to bring this clause into line with clause 4 in which the figure is 40 instead of 1,065. That amendment was accepted by the Government in the Legislative Assembly and my object in bringing this amendment is to bring the two clauses into line.

THE HONOURABLE MR. A. F. L. BRAYNE: It is quite natural for the Honourable Member to propose this amendment but the conditions here are absolutely different. In the first case, where the amendment was carried in the other place, the question at issue was the receipt of gold and Government were prepared to accept the amendment because they wished to build up a reserve of gold as quickly as possible and they did not mind taking small quantities of gold. In this case it is a question of the sale of gold, and, if this amendment were made, it would really mean

that the Government or the Controller of Currency would be competing with the bullion market in doing work which it is the business of the bullion market to do. Therefore, I think it would be unfortunate if this amendment were carried. The amount already stated, 1,065 tolas, is sufficiently small for all exchange purposes. I therefore oppose the amendment.

THE HONOURABLE THE PRESIDENT: The question is:

"That in sub-clause (1) of clause 5—for the figures '1065' the figures '40' be substituted."

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 5 do stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. F. L. BRAYNE: Sir, I rise to move the following motion

THE HONOURABLE THE PRESIDENT: I think we had better dispose of the Currency Bill first.

THE HONOURABLE MR. A. F. L. BRAYNE: Sir, I move that the Bill be passed.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold or sterling, as passed by the Legislative Assembly, be passed."

THE HONOURABLE MR. V. RAMADAS PANTULU: Sir, I wish to say one word. We cannot record our silent vote on this Bill.

THE HONOURABLE THE PRESIDENT: If the Honourable Member is going to be at all long I propose to adjourn now and hear him afterwards.

THE HONOURABLE MR. V. RAMADAS PANTULU: No. I do not propose to take more than two minutes, Sir. After the long and weary controversy which has been raging over this Bill both outside and inside the Legislature it would be inopportune and inadvisable on my part to repeat any of those arguments for or against it. I would merely point out that the public opinion in this country is decidedly against the attitude taken up by Government both with regard to the ratio as well as with regard to the introduction of a gold currency. In the Assembly the Government were able to win a victory by what may be called a snatch vote, a difference of three on the question of ratio.

THE HONOURABLE SIR MANECKJI DADABHOY: By 12 votes finally when the Bill was passed. (*An Honourable Member*: "And 40 were nominated.")

THE HONOURABLE MR. V. RAMADAS PANTULU: In this House the Bill had a more smooth sailing as one would naturally expect it. The two Members of the Central Legislature who were on the Currency Commission were Sir Purnhotandas Thakurdas and Sir Maneckji Dadabhoi.

[Mr. V. Ramadas Pantulu.]

Appropriately enough, the Member of the Legislature who represented the popular view happens to be in the popular Chamber and the country owes a deep debt of gratitude to him for so ably voicing the feelings of the country and awakening the consciousness of the country to the enormities of the Government's exchange policy in this country. The country however cannot be proud of the other Indian member who is sitting in this Council, who has not voiced the feelings of the country but has merely voiced the feelings of the vested interests

THE HONOURABLE SIR MANECKJI DADABHOY: That you will find out after ten years.

THE HONOURABLE MR. V. RAMADAS PANTULU: I hope both of us will live to see which is true. This House which consists of the plutocratic and official interests will no doubt pass the Bill more easily than the Assembly, nevertheless, I venture to point out to the Finance Member, who is sitting here, that very soon he will realise that his policy has not placed India on the road to prosperity. With these words I oppose this motion to pass the Bill.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I endorse the Honourable Mr. Ramadas Pantulu's remarks as to the wrong policy of the Finance Member.

THE HONOURABLE SIR BASIL BLACKETT: I do not wish to detain the House from its luncheon at this stage. I should like just to say one or two words, a few valedictory words to this Bill and on the welcome consequences which we hope to see from it. I should like to protest against the assumption that was made by my Honourable friend, Mr. Ramadas Pantulu, and by other gentlemen who spoke in opposition to the Government, that because they oppose Government therefore they are right, that because they oppose Government therefore they represent the opinion of the people. I assure him that the Government have every reason to believe that the opinion of the people has been entirely misrepresented by the Honourable Mr. Ramadas Pantulu and his friends. (*An Honourable Member*: "Question.") Government, I say, have every reason to believe it—there will be no question as to that. The Honourable Member may doubt whether he believes it, but I think he is one of the minority that does not represent the popular opinion in this connection. Organised public opinion has certainly been created to be very vocal and very vociferous on this matter and I think Government have all the more reason to believe that they do represent the right opinion, because in spite of the violent agitation and the organised opposition they have been able to carry a majority of both Houses of the Legislature in their favour. (*An Honourable Member*: "All nominated Members.")

There is one subject that I should like to refer to for a moment and that is the effect of this ratio on the country and the terrible prophecies of disaster that have been made to the Government from time to time during this debate. All sorts of terrible consequences are going to flow from the establishment by Statute of a fact which has existed for two years. It is a little difficult to see why there should be an enormous change as a result of the intervention of the Statute to recognise a fact which has been in existence for so long. But nevertheless, I do know that some of the Honourable Members who have attacked this

ratio have come to believe that it really will do some harm. I can only, I think, in reply reiterate my strong conviction that they are wrong, and, if I may slightly modify the words of Addison, say:

“Tis not in mortals to command success;
But we'll do more, O ratio, we'll deserve it.”

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Time alone will prove it.

THE HONOURABLE SIR BASIL BLACKETT: One matter has been mentioned several times and that is the difficulty of maintaining the ratio of 1s. 6d. In the admirable speech on which I should like to congratulate my Honourable colleague, Mr. McWatters, which he made yesterday, the fallacy of the idea was clearly brought out that there is more difficulty in maintaining the ratio once prices are stabilised at one figure rather than another figure. (*An Honourable Member*: “Then you could have maintained it at 2s.”) It could have been maintained at 2s. undoubtedly if the Government had had a balanced budget at the time and if prices had in fact been stabilised at anything approaching 2s. at the time. But prices were not stabilised at 2s. in 1920 any more than they were stabilised at 1s. 4d. in 1924. The attempt to stabilise it at 2s. in 1920 failed and so might have failed an attempt to stabilise it at 1s. 4d. in 1924. But the point I was making is this, that there is a real difficulty in maintaining the stability of Indian exchange at any figure whatsoever and a good deal of the attack that is made has tended to ignore this real difficulty. The main difficulty of the Indian currency at the present time is the existence of a very large surplus of coined silver rupees which are promises by Government to pay one rupee at a fixed exchange and these promises have to be redeemed whenever those rupees are presented. Unfortunately, those rupees which came into existence in special circumstances just towards the end of the War and just at a time when there was a serious rupee famine, are now clearly in excess of what is required for circulation. I have not got the figures exactly here, but I think that on the 31st March 1919 there was only about 15 to 20 crores of rupees in the Paper Currency Reserve, that is less than the margin required for safety. The figure at present is about 104 crores in the Currency Reserve, 20 crores more than this time a year ago. What has happened is that people who have held rupees not for circulation purposes but as a store of value or what is called hoarding, a word which I use not with any disparaging signification, and took their rupees out of the hoards and replaced them by gold bullion or by silver bullion, or in some cases, a very good thing indeed, by bank balances. Those rupees have flowed back to the Government treasuries and have to be redeemed. In order to redeem them Government have used the reserves for the purpose of redeeming them, and in place of 20 crores and more of sterling securities, gold assets, now hold 20 crores and more extra of silver rupees as compared with a year ago, and in all 104 crores of silver rupees. These are potential gold assets if and when we can sell silver. Obviously as bullion they are not worth 104 crores of rupees or even more than half that value, but the difficulties of realising those reserves at an early date are great and so there is a definite strain on the reserves as a result of the existence of these surplus rupees. That strain on the reserves is almost entirely independent of the ratio. It does not matter whether it is 1s. 4d. or 1s. 6d. If people are tired of holding the silver rupees in their reserve and wish to replace them by other form of coin or bullion,

([Sir Basil Blackett.]

then Government have the liability to redeem those rupees and it does not matter really what the particular ratio may be. It has no effect on the pace at which those rupees come out for redemption. This is the real difficulty of the whole question of maintaining the stability of the rupee. We hope to get over that first of all by the fact that, to a large extent, at any rate, those surplus rupees have already come out of hoards. We do not know how many are left, because it is impossible to find any actual statistics; but at any rate it is quite clear that a large proportion of the surplus rupees are now safely housed in the Government reserves. When once that process of the inflow of rupees from hoards comes to an end, all will be comparatively plain sailing. But the attack on the Government for using its reserves for the purpose of carrying out its obligations, namely, to redeem its promise to pay for the rupees it has issued, is one, I think, which is very often misconceived, because the Government are simply carrying out their promise and they must use their reserves for that purpose; they will have to use the reserves, whatever the ratio, and if they did not use these reserves, they would be open to very serious criticism. At any rate, the only result could be that stability of exchange would be lost and gone for ever from the point of view of India. That being so, I do hope that people will be a little less ungenerous in their accusation repeated time and again, that the Government fritter away the reserves; and remember that the reserves are still very large and have been built up to a very great extent by the action of Government in preventing exchange from rising above 1s. 6d. Reserves that have been used in the last year for the purpose of maintaining exchange at 1s. 6d. were practically all created by the action of Government in preventing exchange from rising above 1s. 6d. I do not wish to pursue this subject. I only wish to make the same appeal that I made in another place and that is, now that this controversy is over, I do hope that we shall all forget it as quickly as we can and put all our minds together in order to produce the best results for India out of the very valuable recommendations of the Currency Commission.

THE HONOURABLE SIR MANECKJI DADABHOY: Sir, I would like to say only one word regarding myself. My friend Mr. Ramadas Pantulu has made certain observations against me in this House at the last stage of this controversy, and reflections have also been made on my work in the Legislative Assembly. Sir, I have no hesitation in stating that I consider the greatest reward of my work is the consciousness of having done my duty. Sir, I may assure this House and the general public that, whatever little part I have taken myself in the deliberations of the Royal Commission, I have throughout acted in fear of God and in the best interests of my country. I have acted regardless of the cheap encomiums and plaudits of politicians of the type of Mr. Ramadas Pantulu or Mr. Jinnadas Mehta.

THE HONOURABLE SIR ARTHUR FROMM (Bombay Chamber of Commerce): Sir, I do not wish to detain the House for more than one minute. I should dislike very much that this great controversial measure should not pass away from us without a word of congratulation from one of the commercial Members of this House to the Honourable the Finance Member on having piloted through very very troubled waters a measure which, I feel quite convinced, is for the good and benefit of India. The work was begun by the Currency Commission, and the Honourable the Finance Member has continued the good work and has brought it to fruition to-day.

There is only one remark I wish to add. I have been astonished all through this debate and the debate in the other place that there should be such a lot of discussion on the question of the ratio, the chief object of the Bill being lost sight of, in my opinion, over this question of ratio. Stability is what we want, and what we have got now—thank goodness. Whether it was 1s. 6d. or 1s. 4d. that did not matter so much. We have had 1s. 6d. for several years. We wanted to stabilise the existing ratio, and we have done it now. In voting in another place against the Bill in its final stages certain Honourable Members shouted “No”. Certain other Honourable Members also shouted “No” in this House at a similar stage of the Bill. I wonder if they realise what they were doing. What are the chief points of the Bill? We are going to have a gold standard and a Reserve Bank. What is the next point? We are going to get rid of what Members in this House and Members in the other House as well as the public in India have contended for, so many years,—the financial control of India from the India Office. It seems to me, Sir, that most of the Honourable Members in this House have overlooked those vital points in their discussion on the ratio. I was surprised at the words uttered by my Honourable friend on my right just now. Looking at the list of amendments to-day, there is not one which stands in his name,—and why? Because in speaking the other day he got up and said “I know very little about the whole matter”, and having made that admission, I was surprised to hear the tone of his remarks just now.

Sir, I finish as I began. I offer on behalf of the European commercial community my heartiest congratulations to the Finance Member on his great work, his perseverance, the way he has explained again and again all difficult points, without losing his temper,—I think very few Members of Government could have kept it in the way he has done. He has always been at great pains to explain the difficult points, and even now, when the Bill is being passed, he has taken the trouble to get up and make some further explanation to the Honourable Members of this House. (Applause.)

THE HONOURABLE THE PRESIDENT: The question is:

“That the Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold or sterling, as passed by the Legislative Assembly, be passed.”

The motion was adopted.

THE HONOURABLE THE PRESIDENT: Honourable Members have, I am told, before them the list of business for to-morrow. If they will look at that, they will see that there are two motions standing in the name of the Honourable Mr. Brayne. He has asked me if he may move them to-day. They are more or less of a formal nature,—motions of concurrence in certain recommendations made by the other House. As I understand that it is desirable that the other House should take steps to complete the constitution of the Joint Committee on the Bills referred to in those motions and as that House cannot take steps to do that until they receive a message of concurrence from this Chamber, I propose to allow Mr. Brayne to move them now.

GOLD STANDARD AND RESERVE BANK OF INDIA BILL.

MOTION FOR REFERENCE TO A JOINT COMMITTEE.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): May I move the second motion first?

THE HONOURABLE THE PRESIDENT: Certainly.

THE HONOURABLE MR. A. F. L. BRAYNE: I move, Sir:

"That this Council do recommend to the Legislative Assembly that the Bill to establish a gold standard currency for British India and constitute a Reserve Bank of India, be referred to a Joint Committee of the Council of State and of the Legislative Assembly, and that the Joint Committee do consist of 28 members."

As Honourable Members are aware, this Bill is one of the most momentous which has come or will come before the Indian Legislature. It establishes not only a gold standard, but it also transfers the control over the currency and credit, Government remittances and the note issue to a Central Bank and it is most desirable that a long Bill of such great importance should be considered by a representative Committee consisting of 14 Members from each Chamber.

The motion was adopted.

IMPERIAL BANK OF INDIA (AMENDMENT) BILL.

MOTION FOR REFERENCE TO A JOINT COMMITTEE.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I move:

"That this Council do recommend to the Legislative Assembly that the Bill further to amend the Imperial Bank of India Act, 1920, for certain purposes, be referred to a Joint Committee of the Council of State and of the Legislative Assembly, and that the Joint Committee do consist of 28 members."

Sir, this amendment to the Imperial Bank of India Act is necessary, because with the establishment of the Reserve Bank, certain of the functions of the Imperial Bank will pass to the Reserve Bank. It is proposed also to remove certain restrictions which are now imposed on the Imperial Bank such as the restrictions on exchange business and business in London. As the larger Bill is being considered by a Joint Committee, it is desirable that this Bill which hangs upon it should also be considered by the same Committee.

Sir, I move.

The motion was adopted.

The Council then adjourned till Ten of the Clock on Saturday, the 26th March, 1927.

COUNCIL OF STATE.

Saturday, 26th March, 1927.

The Council met in the Council Chamber of the Council House at Ten of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

GRIEVANCES OF THE MEMBERS OF THE INDIAN SERVICE PENSIONS ASSOCIATION.

211. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (a) Have the Government received any memorial or appeal from the Honorary Secretary of the Indian Service Pensions Association?

(b) Has their attention been drawn to the publication of the grievances of the members of this Association in the *Pioneer* of the 25th June, 1926, and in the *Madras Mail* of the 8th July last?

(c) What action has been, or is proposed to be, taken?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) No.

(b) Yes. Government have seen the article referred to.

(c) The matter has been carefully considered on several occasions both by the Secretary of State and the Government of India. The Government do not propose to take any action.

NUMBER OF QUARTERS AVAILABLE FOR THE MIGRATORY ESTABLISHMENTS OF THE GOVERNMENT OF INDIA OFFICES IN NEW DELHI.

212. THE HONOURABLE MR. V. RAMADAS PANTULU: (a) What is the number of quarters available for the migratory establishments of the Government of India offices?

(b) What percentage does the number of each type of quarters bear to the demand for quarters of that type?

(c) Is it a fact that there is less difficulty in meeting the demand for unorthodox quarters for clerks than that for orthodox B, C and D type quarters?

(d) For whom are these unorthodox quarters intended? If Indian clerks want these quarters, what conditions have they to satisfy?

THE HONOURABLE MR. A. C. McWATTERS:

(a) Unorthodox clerks quarters	.	.	.	.	.	.	184
Orthodox clerks quarters	.	.	.	.	.	.	575

Total	.						759

(b) The demands have been met in full except in the following classes of quarters, in which the percentage is as follows:—

Unorthodox quarters	C class	.	.	.	61 per cent.
Orthodox quarters	A „	.	.	.	24 „
	B „	.	.	.	22 „
	C „	.	.	.	53 „
	D „	.	.	.	54 „

(c) Yes.

(d) The unorthodox accommodation is intended for those who live in that style. The only other condition to be satisfied is that the status of the applicant should be appropriate to the style of quarter applied for.

QUARTERS ALLOTTED TO THE DIFFERENT OFFICERS IN NEW DELHI.

213. THE HONOURABLE MR. V. RAMADAS PANTULU: (a) How many quarters were originally applied for by each of the Secretariat offices of the Government of India?

(b) How many were allotted to each of them and how many of them were subsequently surrendered by each of them?

(c) How many of the quarters of each type, which were surrendered, are still vacant?

(d) Is it a fact that there is no separation allowance for men in attached and subordinate offices of the Government of India?

(e) If so, do they receive preference in allotment?

(f) If there is such preference, what form does it take?

THE HONOURABLE MR. A. C. McWATTERS: (a) and (b). Statements giving the information required will be supplied to the Honourable Member.

(c) Of the quarters that were surrendered two unorthodox in New Delhi and two orthodox in Old Delhi are vacant.

(d) Yes; but the staff of the attached and subordinate offices receive a Delhi Camp Allowance.

(e) and (f). Do not arise.

PRINCIPLE FOLLOWED IN THE ALLOTMENT OF QUARTERS IN NEW DELHI

214. THE HONOURABLE MR. V. RAMADAS PANTULU: (a) On what principles is the allotment of quarters made in the several offices of the Government of India?

(b) (i) What are the principles followed by the Indian Stores Department?

(ii) How do these differ from those followed by all other offices?

(iii) Was the difference brought to the notice of the Chief Controller of Stores and the Department of Industries and Labour?

(iv) If so, what was the action taken?

(v) Is it a fact that forty to fifty per cent. of the members of the Indian Stores Department represented to the Chief Controller that they had no confidence in the Direction Section and suggested in regard to the

allotment application of the principle of either seniority or juniority right through, without mixing up both with certain other preferences?

THE HONOURABLE MR. A. C. McWATTERS: (a) Allotments are generally made on the principles that the quarter allotted is appropriate to the status of the allottee and that the allotments are to the best financial advantage of Government.

(b) (i) The same principles are followed by the Indian Stores Department.

(b) (ii), (iii) and (iv). Do not arise.

(b) (v) A representation was made to the Chief Controller by thirty-seven members of the Indian Stores Department against the detailed allotment of quarters proposed in his office for the season 1926-27. After personal examination, the Chief Controller was satisfied that the proposed allotment was unexceptionable and fairest both to the Government and to the general body of the members of his establishment.

THE CHIEF SUPERINTENDENT, INDIAN STORES DEPARTMENT.

215. THE HONOURABLE MR. V. RAMADAS PANTULU: With reference to the answer to question No. 1019 in the Legislative Assembly on the 1st March, 1926?

(a) Is it the case that the Superintendent, Engineering Branch, was the superior of the Chief Superintendent in regard to both qualifications and pay? Did the present Chief Superintendent appear, at any time or times, for the Subordinate Accounts Service examination and fail?

(b) If the answer to either or both parts of (a) is in the affirmative, were the facts brought to the notice of the Government of India by the Chief Controller when he recommended the promotion of the Chief Superintendent over the Superintendent, Engineering Branch? If not, why not?

THE HONOURABLE MR. A. C. McWATTERS: (a) The answers to these questions are in the negative.

(b) Does not arise.

PAY OF THE CHIEF SUPERINTENDENT, INDIAN STORES DEPARTMENT.

216 THE HONOURABLE MR. V. RAMADAS PANTULU: (a) Is it a fact that under the present rules the position of a senior is not affected by the pay of a junior?

(b) If so, where was the necessity for giving the present Chief Superintendent higher pay, with retrospective effect?

(c) With reference to the statement that the Chief Superintendent was given a rate of pay commensurate with the value of his services, will the Government of India please say whether the same principle of promotion has been applied in any other case? Will the Government of India also kindly say how the market value of the Chief Superintendent's services was arrived at?

(d) Is it a fact that the benefit of Fundamental Rule 22 was not given to several men, who were transferred from the Surplus Stores organisation?

THE HONOURABLE MR. A. C. McWATERS: (a) There are no such rules.

(b) Does not arise.

(c) The answer to the first part of the question is in the affirmative. The market value of the Chief Superintendent's services was gauged by the character of the work assigned to him and the manner in which it was performed.

(d) No. The provisions of the Fundamental Rule referred to were not applicable in certain cases, but the Government of India have recently made them applicable, as a special case.

THEFTS AND BURGLARIES IN NEW DELHI.

217 THE HONOURABLE MR. V. RAMADAS PANTULU: (a) Have Government received complaints that a sense of insecurity prevails among the residents of New Delhi on account of thefts and burglaries?

(b) If so, what improvements have been effected in police arrangements?

(c) Do the Government propose to consider the question of carrying out certain alterations and improvements to quarters in New Delhi to render them more safe than they are at present?

THE HONOURABLE MR. H. G. HAIG: (a) Government have received representations on the subject.

(b) As many men from the reserve of the Delhi police as could be spared have been posted to the New Delhi police station for patrol.

(c) No further protective measures other than those that have been effected, namely, the provision of bars to certain windows, are considered to be necessary.

GRANT OF COMPENSATORY HOUSE RENT ALLOWANCE TO MEN LIVING OUT OF NEW DELHI.

218. THE HONOURABLE MR. V. RAMADAS PANTULU: (a) Is it a fact that the Government of India have sanctioned a compensatory house rent allowance only in the case of men living out of Raisina?

(b) Have the Government of India received any representation that the scales of allowance sanctioned should be increased and applied both to men living in the city and to those living in private quarters in Raisina itself?

(c) If so, what action has been taken on it?

THE HONOURABLE MR. H. G. HAIG: (a) An allowance has been sanctioned in the case of the clerical establishment. The allowance is not house rent but is given as compensation for the inconvenience and extra expense to which those who are unable to secure accommodation in New Delhi are put.

(b) Yes.

(c) The request has been rejected.

LOCATION OF THE ARMY HEADQUARTERS OFFICES IN OLD DELHI.

219. THE HONOURABLE MR. V. RAMADAS PANTULU: (a) Is it a fact that the Army Department Secretariat has been located this winter in the

Imperial Secretariat in New Delhi, while the Army Headquarters offices are located in the temporary Secretariat in Old Delhi? If so, why?

(b) Is it proposed to continue the above arrangement next year also?

(c) Will the Government please state the approximate number of (1) officers, and (2) clerical establishment of the Army Headquarters and connected offices at present working in the temporary Secretariat in Old Delhi?

(d) Is it proposed to shift the Army Department Secretariat and connected offices at present located in the Imperial Secretariat in New Delhi to Old Delhi from next year?

(e) Is it a fact that accommodation has been built for all these offices in the Imperial Secretariat buildings in New Delhi? If so, why is it proposed to locate them in Old Delhi, and how is it proposed to utilise the accommodation in New Delhi?

(f) Is it a fact that certain office accommodation and a number of residential bungalows are lying vacant in New Delhi? If so, why cannot the Army Headquarters and connected offices, at present located in Old Delhi, be accommodated in New Delhi?

(g) Is it not possible to find deficient accommodation, if any, by shifting a portion of the temporary Public Works Department offices from the Imperial Secretariat buildings in New Delhi to some other convenient buildings which are not in use at present?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIRULLAH SAHIB BAHADUR (on behalf of His Excellency the Commander-in-Chief). (a), (b), (c), (d) and (e). There is not sufficient residential or office accommodation in New Delhi for the numbers of officers and clerks in Army Headquarters who at present come down to Delhi for the winter. It has therefore been decided to accommodate the offices of Army Headquarters in Old Delhi during 1926-27 and 1927-28. The Army Department has been located in the new Secretariat buildings this year, and will probably remain there next year also. The total numbers of officers and clerks belonging to Army Headquarters at present working in the Old Secretariat are 82 and 230, respectively. In addition, there are 9 officers and 58 clerks belonging to the offices of the Financial Adviser, Military Finance.

(f) The answer is in the negative. The second part does not arise.

(g) The location of a portion of the Public Works Department offices in the Imperial Secretariat buildings is a temporary arrangement, no other accommodation being available at present.

THE HONOURABLE SRIJUT LOKENATH MUKHERJEE. I beg to withdraw question No. 220. It is practically meaningless without the allied questions which have been disallowed.

BATHROOMS OF "D" CLASS QUARTERS IN NEW DELHI.

221. THE HONOURABLE SRIJUT LOKENATH MUKHERJEE. (a) Is it a fact that the bathrooms of "D" class quarters are provided with a brick honey-comb instead of a glass window?

(b) Did the Government obtain the views of any medical officer as to whether it is injurious to bathe in a bathroom which is open to chill draughts from outside through these honey-combs?

THE HONOURABLE MR. A. C. MCWATTERS: (a) Yes.

(b) No. The tenant can protect himself against draughts by covering the honey-combed portion by a small purdah on the inside. In order to render this possible and yet admit light all solid doors have been specially provided with glazing.

RESTRICTED SUPPLY OF WATER IN ORTHODOX QUARTERS IN NEW DELHI.

222 THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: Is it a fact that the supply of water in orthodox quarters in New Delhi is closed soon after 10 o'clock in the morning?

THE HONOURABLE MR. A. C. MCWATTERS: A 24-hour supply has been given in the orthodox quarters in New Delhi for about the last month. Formerly a restricted supply of 11 hours per day was given as is done in the Delhi Municipality in order to prevent excessive waste.

SUPPLY OF EXTRA FURNITURE TO TENANTS IN GOVERNMENT QUARTERS IN NEW DELHI.

223 THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: (a) Will the Government state what period of time elapses between the receipt of a request by a tenant of Government quarters in New Delhi for extra furniture and the supply of the furniture?

(b) Are Government aware that in some cases the extra furniture has not been supplied till late in the Delhi season? If so, what steps do Government propose to take?

THE HONOURABLE MR. A. C. MCWATTERS. (a) and (b). It is not the policy of Government to provide furniture in excess of the scale that has been laid down. There is, however, a surplus of certain articles and additional demands are met from this source as far as possible. This surplus is likely to be exhausted in the near future in providing for replacements. In the circumstances furniture over and above the scale referred to can only be issued, if available and certain articles may only become spare late in the season if at all.

EDUCATION OF THE CHILDREN OF THE MIGRATORY EMPLOYEES OF THE GOVERNMENT OF INDIA.

224 THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: (a) Is it a fact that the curricula of Delhi and Simla schools are different?

(b) Has it been represented to Government that the children of the migratory establishment are put to difficulty thereby?

(c) If so, what steps do Government propose to take?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: (a) No. The Punjab curriculum is followed both in Simla and Delhi.

(b) and (c). Do not arise.

REDUCTION OF THE PERIOD OF STAY OF THE GOVERNMENT OF INDIA
IN SIMLA.

225. THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: (a) Is it a fact that the move of the whole of the Government of India establishment from Delhi to Simla in summer was necessary owing to the fact that the old temporary Secretariat building was not fit for occupation during the summer months?

(b) Is the new Secretariat building fit for occupation during the summer months?

(c) If so, do the Government propose to stop the wholesale move or to restrict it to a certain percentage of the establishments? If not, do they propose to reduce the period of their stay at Simla from seven months to five months?

(d) If the answer to (b) be in the negative, will the Government be pleased to state in what respects the new Secretariat building is unfit for occupation during the summer months?

THE HONOURABLE MR. H. G. HAIG: (a) The answer is in the negative. On the recommendation of the Incheape Committee, the experiment of leaving a portion of the establishment in one place was tried in Simla in 1923-24. It resulted, however, in such serious inconveniences and dislocation of work that it was not repeated either in Delhi or Simla.

(b) The greater part of the Secretariat building is fit for occupation in the hot weather and a portion of it has been so occupied.

(c) No decision has yet been reached as to the arrangements which will be appropriate now that New Delhi has been occupied. The question will be taken up as soon as possible after the conclusion of the Session.

(d) Does not arise.

EXPENDITURE ON THE MOVE OF THE GOVERNMENT OF INDIA BETWEEN
DELHI AND SIMLA.

226. THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: Will the Government be pleased to inform this House of the actual total expenditure incurred during the last year and the current year on account of the move between Delhi and Simla of all the Secretariats and the attached offices of the Government of India?

THE HONOURABLE MR. H. G. HAIG: The expenditure incurred in 1925-26 was Rs. 5,10,680. Information regarding expenditure in the current year will not be available for some months.

LEGISLATION IN CONNECTION WITH THE INDIAN NAVY.

227. THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: Do Government propose to obtain the views of the Indian Legislature previous to their taking up the question of necessary consequential legislation that will be required on the passing of the Indian Navy Bill by the Imperial Government? If not, why not?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (on behalf of His Excellency the Commander-in-Chief): No, Sir, because the Legislature will have full opportunity to discuss the

whole question of necessary legislation for the Indian Navy when the Bill is introduced.

COST OF THE PROPOSED NEW INDIA HOUSE IN LONDON.

228. THE HONOURABLE SIR JOHN BELL: Will Government be pleased to state:

- (a) the estimated cost of the proposed new India House in London;
- (b) whether the design has been decided upon; if not, who will decide upon it, and who is to be the architect; and
- (c) whether steps have been taken to establish such a check upon the expenditure as will ensure that the original estimate is not exceeded?

THE HONOURABLE MR. G. L. CORBETT: (a) £300,000 approximately. Details will be found in the proceedings of the Standing Finance Committee for 26th January, 1927. A copy of the proceedings is in the Library.

(b) A design has been prepared, but it has not yet been finally accepted by the Government of India. The architect is Sir Herbert Baker.

(c) The estimate at this stage is necessarily only approximate, but the High Commissioner will be instructed to take steps to ensure that, so far as is possible, it will not be exceeded.

THE HONOURABLE MR. W. A. GRAY: Will Government state who was taken into consultation in the selection of the architect?

THE HONOURABLE MR. G. L. CORBETT: The selection of the architect was primarily a matter for the High Commissioner.

MESSAGE FROM THE LEGISLATIVE ASSEMBLY.

SECRETARY OF THE COUNCIL: Sir, the following message has been received from the Secretary, Legislative Assembly:

"I am directed to inform you that the message from the Council of State desiring their concurrence in a motion to the effect that the Bill to consolidate and amend the law relating to the provision, maintenance and control of lighthouses by the Government in British India, be referred to a Joint Committee of the Council of State and of the Legislative Assembly, and that the Joint Committee do consist of 12 members, was considered by the Legislative Assembly at their meeting held on the 25th March, 1927, and that the motion was concurred in by the Assembly.

The following Members of that body were nominated to serve on the Joint Committee, namely:

Sir Walter Willson, Mr. R. K. Shanmukham Chetty, Mr. S. N. Haji, Sir Purshotandas Thakurdas, Mr. K. C. Neogy and Mr. W. S. Lamb."

INDIAN FINANCE BILL.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): I move that the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of

postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax, as passed by the Legislative Assembly, be taken into consideration.

Sir, in my budget speech I briefly referred to the policy which Government have in mind as regards the reduction of taxation, and that is that, until the provincial contributions are finally reduced, it will be impossible to embark on any scheme of general reduction of taxation. That would be a case of robbing Peter to pay Paul. The provinces would have to pay for any remissions given to the general tax-payer. Therefore Government confined themselves to making certain adjustments in taxation which would cost little or nothing to the general revenues. It was proposed in the original budget statement and in the original Finance Bill to reduce the duty on motor cars and tyres, to reduce the import duty on rubber stumps and rubber seeds, to abolish the export duty on hides, to abolish the export duty on tea, to abolish the duty of one anna on cheques and bills of exchange payable on demand, and to raise the duty on unmanufactured tobacco from Re. 1 to Rs 1-8-0. At the same time it was proposed to alter the method of assessment to income-tax of tea companies in order to secure a larger amount of income-tax to balance the loss on export duty. All these measures passed through another place except the duty on hides. As regards the question of the income-tax on tea companies it was stated in the Statement of Objects and Reasons that the rule to be made under section 59 of the Indian Income-tax Act, 1922 would provide that, if owing to the existence of a market for green tea the manufacturing profits can be separately ascertained, such profits should be assessed, and that otherwise they should be assumed to form 50 per cent. of the entire net profits. I may inform the House that some difficulty has arisen as regards the percentage, and the method by which manufacturing profits will be ascertained is therefore still under consideration. In the passage of the Bill through another place the duty on salt has been reduced from Rs. 1-4-0 to 10 annas a maund at a loss of about 3 crores of rupees to the revenue. The House will remember that the programme which the Government set before them for next year was that the surplus of over 3½ crores should be devoted to the permanent reduction of provincial contributions to that extent, and that the balance of contribution which still remains out of 545 lakhs should be met from the surplus of the current year. Unfortunately this reduction of the surplus by 3 crores owing to the reduction of the salt tax renders it impossible for Government to pursue the programme which they originally intended, that is to say, to abolish the provincial contributions entirely next year, part being a permanent remission and the remainder a temporary remission. It is indeed a question whether it will be possible for some time to come to effect any material reduction in provincial contributions at all if the salt tax still remains at the figure to which it has been reduced. Sir, I move.

THE HONOURABLE RAI BAHADUR NALININATH SETHI (West Bengal: Non-Muhammadan): Sir, I would like to make a few remarks on the basis upon which the schedule of charges of income and super-tax proposed in the Bill stands. The Bill, as it is, ignores the hardship that the joint Hindu families governed by the Bengal School or Dayabhaga School of the Hindu Law suffer from. As most of the Honourable Members may be aware, the status of a member of the Hindu joint family governed by

[Rai Bahadur Nalininath Sett.]

the Dayabhaga School of the Hindu Law as obtains in Bengal only is quite different from the status of a member of a Joint Hindu family governed by the other Schools of the Hindu Law. Under the Bengal or Dayabhaga School each member of a Joint Hindu family is entitled to, and is the owner of, a particular distinct share in the Joint family property and income even when he is living jointly with the other members of the family which share on his death passes on to his heirs or legatees, as the case may be. This is not the case with Hindus in any other part of India where no particular member has any distinct share in the joint family properties until partition, and his share on his death vests in his co-parceners instead of devolving on his heir as in the case after partition.

In Bengal therefore a Joint Hindu family means practically the clubbing together of a few persons of a particular family. These persons who form members of a Joint family can retain their individual earnings as separate properties apart from the joint family property. These members while having separate shares in the income of the joint family properties are assessed on the basis of the total income of the entire properties belonging to the whole family. It is not unusual, and I believe that it is almost universal now-a-days, that a family has its properties joint and the income is realized jointly but as soon as the income is realized it is divided amongst the members from day to day. I do not understand why under these circumstances the particular members should be assessed at a rate much higher than they would otherwise be if they were assessed individually. Is it a crime to live together? The income of these persons although realized together is separate as soon as realized and their expenses are separately incurred what then is the reason that they are made to pay more than they could be charged otherwise? It is practically forcing the Bengal families to separate; as I have said before, the case of Bengal Hindus is quite different from that of the Hindus of the rest of India. They have their advantages; they have their disadvantages. A series of rulings of the highest court of the land, namely, the Privy Council, has made it quite clear that the status of a Bengal Hindu is quite different from that of other part of the country. I would therefore submit that the law requires change from this point of view which puts the Bengal Hindus at a great disadvantage and causes a disruption of joint families.

Sir, I would also like to say a few words with regard to the methods by which the law is administered in Calcutta with regard to the rules made under the Income-tax Act. The method of assessment is harsh and in some cases and under certain circumstances is wrong in principle. Some of the rules under which the assessors have to base their assessments are inequitable and lead to double assessment. This has been voiced in the other House. I had recently an occasion to bring to the notice of the Assistant Commissioner of Income-tax in Calcutta a particular case of double assessment which had to be made by the assessor under the rules, knowing as he did and realizing fully that he had to make a double assessment. No doubt the Assistant Commissioner, when the defect in the rule was pointed out to him, set the assessment right. But the rules stand as they were, and I say why should not the rules be altered which compel the assessors to make such double assessment although they feel that they are not justified in doing so under the law? I can give the particular point if the Honourable Member in charge would look

into the matter. There is a general impression in Calcutta that unscrupulous persons can easily evade the rigour of the law under the present rules and that those who are above that are put to great hardship, harassment and trouble.

THE HONOURABLE MR. W. A. GRAY (Burma Chamber of Commerce): Sir, I ask the indulgence of the House while I make an appeal for sympathetic consideration for an industry which is now in grave danger of complete extinction,—I refer to the hide industry. In the course of my remarks on a former occasion, I expressed my gratitude to Government for the removal of the export duty on hides, and while I still feel the same sense of gratitude for their intention, it is with great disappointment that I now find that my thanks were premature and that in another place the opinions of the comparative few who are interested in the tanning industry have been able to prevail over those of the champions of the far larger section of the people of India who derive benefit from the export trade in hides.

In a vast country such as India, with its great variety of occupations and interests, occasions are sure to arise when it is impossible always to frame a policy which will bring benefit to all and hardship to none. What is meant to one province or one section of the population may be poison to another and the export duty on hides is such a case. I will not weary the House with a recapitulation of all the arguments which have been produced time and again at other times and in other places in condemnation of this duty. It is sufficient to say that it has been universally condemned upon all grounds, except by the comparatively small minority who derive benefit from the tanning industry.

The duty was imposed shortly after the War when we were all rather carried away by an enthusiasm for protecting ourselves from the competition of our recent enemies and it is commonly agreed that the measure was hasty and injudicious. It has been described by the Fiscal Commission as wrong in principle and the Taxation Enquiry Commission has found that it has failed in its two objects, of protecting the Indian tanning industry and of diverting the tanning of Indian hides from Germany to the British Empire.

By way of parenthesis I would here refer to the strange mental processes of certain Members of the other House who, not so long ago, opposed the proposals for the protection of steel because they believed that they detected in them the thin end of the wedge of Imperial Preference, but who now oppose the removal of a duty which was avowedly imposed for the protection of trade within the Empire.

But to return to our muttons—if the export duty has failed to assist the Indian tanning industry, what has it done to others in India who are interested in hides? In the years 1910-11, 1911-12, and 1912-13—the last years of normal trade before the duty was imposed—the exports of hides from Burma totalled 19,000 tons valued at Rs. 190 lakhs. During the past three years, 1923 to 1926, the total exports were 9,000 tons and the value Rs. 65 lakhs. I find, therefore, that the volume exported has been reduced by more than one-half and the value is now only about one-third of what it was before the duty was imposed.

I think it not unlikely that other provinces can show similarly that the duty has been a burden and not a benefit, in fact I see that vehement protests have already been submitted from Bengal against the replacement

[Mr. W. A. Gray.]

of the duty; but I venture to maintain that the plight of Burma is worse than that of any other province for various reasons, of which the following are the two most important.

Firstly, the Burma exporter is handicapped by the very much higher freight which he has to pay on his shipments to Europe than is paid on shipments from other Indian ports. The country which takes the greatest quantity of our hides is Italy, and there are no steamer lines running direct between Rangoon and Italy, so that transshipment is necessary and the freight rates are thereby enormously increased. The result is that a Rangoon shipper pays nearly twice as much in freight charges as a Calcutta shipper. Even to other European ports to which direct shipment from Burma is possible, the disparity in freight rates is very great.

This disadvantage in freights is obviously a very great handicap, but there is a still greater disadvantage, namely, the quality of the Burma hides themselves. The Burma hide is an inferior article to that obtainable from other parts of India, its value is less and therefore the incidence of the export duty which is calculated at a flat rate is proportionately much higher. Take for example the case of "Dry Cowhides". The Tariff valuation of these, upon which export duty is paid, is 6 annas 6 pies per lb. The return obtained in Europe after payment of insurance, freight and other incidental charges is 6½ pence per lb. Therefore the Burma exporter is not only taxed on rather more than the value of the hides at the time of exportation, but he is also taxed on the amount which he pays in freight, insurance and other charges.

I think, Sir, that I have said enough to prove that, whatever may be the case in other provinces, the export trade of Burma is deserving of consideration. Should such consideration be granted, the effect upon other provinces would be insignificant, since even in these days when the markets of Europe are most unattractive to the Burma exporter, the consumption of Burma hides by Indian tanneries is practically negligible.

I have not put forward an amendment of this Bill, because I hope that my object may be more speedily obtained in some other way and that if Government cannot see their way to granting to Burma complete relief from this burdensome duty, they may at least be willing to graduate the tariff valuation in accordance with the quality and value of the hides and may take into consideration the other handicaps from which the Burma exporter suffers. That urgent relief is necessary is evidenced by the fact that, whereas in the days before the duty was imposed, there were a number of firms in Burma who exported hides, now all those who have any other line of business upon which to fall back, have abandoned the trade, and those who rely solely upon this business are in imminent danger of being compelled to close down and for some time past have been struggling to keep the wolf from the door merely in the hope and expectation of early relief from the burden of this duty. Of the state of these latter firms I need say no more than that one of them claims to have paid to Government since the imposition of the export duty Rs. 7 lakhs, while during the same period it has made a trading loss of Rs. 8 lakhs. If these surviving firms are compelled to close down, there will be no organisation remaining which can collect the hides, and the result will be a heavy loss to the owners of cattle.

It is already contended that on the basis of current sale values of Burma hides in overseas markets and after deducting freight, export duty and other incidental charges, there is not sufficient of the proceeds left to pay collectors of hides in the districts—a price which makes it worth while for the owners of cattle to flay hides. The result is that the hides are being left to rot and the trade is dying an unnatural death.

I therefore appeal to Government to administer what was described by an Honourable Member in a recent debate as “the dying dose” to this unfortunate industry, and I ask for their assurance that the door is not yet closed to consideration of this matter and that early steps will be taken to save the export trade in hides from the immediate extinction which now threatens it.

THE HONOURABLE SIR BASIL BLACKETT (Finance Member): Sir, I have already had the privilege of addressing this Honourable Council on the general question of our finances and I need not, I think, do more to-day on the second reading of this Bill than refer to the two points that have been raised by the two Honourable Members who have already spoken. The Honourable Rai Bahadur Nalininath Sett Bahadur spoke of the position of the Hindu undivided family in the matter of income-tax. I do not profess to be an expert either in Hindu undivided families or in income-tax, but I shall be very happy, if the Honourable Member will speak to me or write to me later, to look into any specific grievances that he may have in the matter. The question is an intricate and rather a special one, but as a matter of fact the Hindu undivided family enjoys privileges under the Income-tax Act which are denied to the ordinary individual assessee.

AN HONOURABLE MEMBER Not in Bengal.

THE HONOURABLE SIR BASIL BLACKETT: For example, in assessing a Hindu undivided family, the income of its members derived from other sources than the family, such as profits on business, and the income of the family as such are kept distinct. Thus, if a member, perhaps the head of the family, has income from another source or private business or profession, his personal income is not added to the income of the family, but is separately assessed, nor is it taken into account in fixing the scale on which the tax is levied, that is to say, that the members of a Hindu undivided family have an advantage which is denied to registered and unregistered firms or to individuals. Similarly, in the case of super-tax, the Hindu undivided family enjoys the privilege of paying the tax only on the excess of its total income over Rs. 75,000, whereas in all other cases, super-tax begins to be a burden the moment the income reaches Rs. 50,000. Nevertheless, if the Honourable Member will let me know what his particular grievances are that he desires to ventilate, I shall be happy to have them looked into by the Central Board of Revenue.

THE HONOURABLE RAI BAHADUR NALININATH SETT: I shall write to the Honourable Member.

THE HONOURABLE SIR BASIL BLACKETT: In regard to the question of hides, it is impossible not to feel very considerable sympathy with my Honourable friend Mr. Gray and the grievances of the people of Burma in this matter. As is probably known to Honourable Members of this Council,

[Sir Basil Blackett.]

the reason why the hides duty was not abolished was that under the Constitution when there is a tie in the voting in the other House the *status quo* is maintained in order that time for further reflection may be given on a subject on which there is obviously very closely divided opinion. The proposal to abolish the hides duty was not rejected exactly by the other House, but it was decided that the tax for the time being should be left in the *status quo* to give time so that further consideration may be given to the question. Government have not had time to re-examine this question since that vote was taken in another place or to come to final conclusions as to what action they should take, but I think that it must be obvious that it is impossible to leave the matter exactly as it stands. It is perfectly clear that the other place in coming to the conclusion to which they did come on the subject did not say that the export duty should be permanently maintained. Indeed one of those who was prominent in opposing the abolition of the export duty speaking the next day said that the vote of the House was not to be taken as a vote for the permanent retention of the export duty on hides, but as an indication to the Government that it was desirable that steps should be taken to protect the tanning industry in Madras. I am not in a position therefore to-day to say more than that, the matter will be carefully reconsidered by the Government and that in the event of their not feeling able to propose once again the abolition of the duty, they will certainly feel bound to take under special examination the position of Burma with a view to remedying what all I think now recognise to be a very legitimate grievance on the part of Burma and a risk of destroying an important export trade. That statement covers, I think, the question of the tariff valuation as well as the more general question of relieving the tax-payer both in Burma and elsewhere of the necessity of continuing to pay this duty.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: Clause 2. The question is:

"That clause 2 do stand part of the Bill."

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab : Nominated Non-Official): Sir, it will be seen from the agenda paper that there are seven Members equally ready to move the amendment which I am to move now, seven Members elected and nominated, English as well as Indian. That shows the popularity of the amendment. I think, Sir, all right-thinking men, not only these but many other Members of this House would equally have liked to have moved that amendment, except those who have got a creed to oppose Government in and out of season. Some of the right-thinking Members in the other House would have supported this too but for the accident that some of them, who would have voted on the right side, were not present in the House, and it is for this reason that we have to-day to move this amendment here.

Sir, the House knows that for the last two decades, since the advent of the reformed Councils, I have been present in the Indian Legislature and I think I have consistently spoken on this very subject of salt something like ten or twelve times. In the beginning those who are always against the Government, even that great man of India Mr. Gokhale, used to have a bogus war cry of salt. In this, as far as I can see they had many objects in view. Their first object was to instil into the masses that Government is so tyrannical that it taxes their salt. The second object was that this easiest and most inoffensive way of getting money through the salt tax would be lost to the Government and they would be put into a fix; and the third was that all that money, when taken off the shoulders of every man in India, would be put on to a few who are already very heavily taxed and they would resent it and would also be made to go against the Government. There were many such ideas at the back of this war cry. When we examine the matter closely, Sir, we may ask ourselves after all how much a man has to pay for his salt. I calculated it yesterday. I had a list of my servants and I knew how much salt had been bought from the bazaar, and I then came to the conclusion that each man eats salt worth $3\frac{1}{2}$ annas a year. Lots of dogs were also included in this, so I think it comes to under three annas a year, which is one pice per month. Now what is that pice? If there is a poor man and a leggar comes to him, he will give him a pice. Giving a pice in one month a man does not feel it. Those who are wealthy do not feel it and the middle class do not feel it as well. There is another class that is the poor and they do not feel it also. I live among the masses and I have never heard up to now any man saying he had some difficulty because he could not find one pice to buy his salt. The opponents even went to the extent to say that their cattle eat salt. Well, I have never known any zamindars, who mostly keep cattle, giving salt to their cattle. Look at the animals in the jungles which are of the same type as the cow; do they eat salt in jungle? Round about the villages we find many corpses of cattle, but as a *shikari* I have been in the jungle and I have never seen the corpse of any animal that died because it could not get salt. After all *janwar* is the word for living being. Man is also a living being. If we take the other animals, and even Darwin's forefathers, they did not eat salt, and I think their health was very much better than ours is. It is really a habit which man has created for himself, like tobacco. I think various vegetables and also meat have salt in themselves

THE HONOURABLE RAJA NAWAB ALI KHAN: I think wild animals do lick salt.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: If you catch an elephant and bring it into captivity, it is man's ingenuity which leads him to eat salt. He cannot have salt while in the jungle because there is no salt there.

AN HONOURABLE MEMBER: Read the history of Rome.

THE HONOURABLE THE PRESIDENT: Will the Honourable Member leave the subject of natural history?

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: Leaving that aside, if this salt tax was not put right three crores of rupees would have to come from somewhere, and one of our dangers is that the remission of our provincial contributions may go, and perhaps more taxes will be levied on classes which are already fully taxed. If you consider it still more closely you will see that there are certain people, petty shopkeepers and

[Colonel Nawab Sir Umar Hayat Khan.]

labourers, who pay nothing whatsoever into the Government exchequer. I think every man who is born in the country and eats the salt of India should be *nimak halal*, that is true to his salt by paying something, however small, for the upkeep of Government. Some of these men neither go into the army to serve their country nor pay anything into the Government exchequer, and yet they get the benefit of the schools, they get the benefit of the police; they are secure from without and within the country and they ought to be willing to contribute even one pice a month to the Government which is running the country. I think it is absolutely ridiculous, just as I said in the beginning, to say anybody feels the pinch of that one pice for salt. I think, Sir, I have shown it is only a sentimental objection and nothing else. A poet has said.—“ Small things put together become enormous.” In the same way a whole big granary is composed of small grains. If you have this tax by which you can take money from each inhabitant of the country, if you take it just little by little, I think it is good for Government and it is good for the country. With these words, Sir, I strongly urge on the House to adopt the amendment which stands not only in my name, but in the name of many Honourable Members of this House.

THE HONOURABLE THE PRESIDENT: The Honourable Member has not yet moved an amendment.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN Sir, I move.

“ That in clause 2 of the Bill for the words ‘ ten annas ’ the words ‘ one rupee and four annas ’ be substituted.”

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official). Sir, I support this amendment, but not for the reasons which have been urged by my Honourable friend Sir Umar Hayat Khan. I am of opinion that the Assembly acted in a very short-sighted manner in having reduced the salt-tax from Rs. 1-4 a maund to 10 annas a maund. The history of the salt tax has been a peculiar one in this country. We had many interesting as well as acrimonious debates in the old Imperial Legislative Council on this subject at least a dozen times. Various views have been propounded in connection with the maintenance and avoidance of the salt duty. During the last 20 years I myself have taken some part in the discussion of this duty when Finance Bills were presented in the late Imperial Council and in the Council of State from time to time. The one objection and one very significant objection to the maintenance of the salt tax has been a political one. On many occasions in the past from political considerations attempts were made and serious attempts too to do away with this duty, at times entirely and at times to reduce it very considerably. In connection with the discussion of this subject the bogey of its affecting the masses has been very considerably brought forward. Three years ago, during Lord Reading’s administration, an enhanced duty was required and was recommended the rate of Rs. 2-8-0 or double the duty which exists at present. A big opposition to that was engineered in the Legislative Assembly and the tax was reduced by the Legislative Assembly from Rs. 2-8-0 to Rs. 1-4-0. Honourable Members will remember that the Finance Bill then came up to this House as a certified measure and a very keen discussion took place, with the result that for the exigencies of public revenues we restored the duty. To the

credit of the Government of India it must be said that that duty was reduced next year and brought back to its normal figure. I am referring to this matter only for the purpose of pointing out at this stage a very significant fact that when the enhancement of the duty was acrimoniously discussed there was not one Member of that Legislative Assembly who even then asked for a reduction of the duty from 1-4 per maund to 10 annas. All that they wanted at the time was the maintenance of the duty at the then existing rate of 1-4-0 and on this occasion the present Legislative Assembly has taken action of a very momentous character in reducing this very important duty. My Honourable friend Sir Umar Hayat Khan has spoken about the bogus war cry of salt. Unfortunately in this matter he has dragged in the name of my late lamented friend, the Honourable Mr. Gokhale, for whom I had great respect. He made a statement in this House which I feel bound in the memory of that great man to contradict. Even the Honourable Mr. Gokhale on more than one occasion had expressed the opinion that the duty at 1-4-0 if required for purposes of revenue was not an excessive duty. Now, Sir, I ask this Council to bear in mind that whatever may be the political consideration, whatever object the Legislative Assembly may have in view in reducing the duty let me assure the House that from an economic standpoint it does not fall heavily on the masses. Whatever may be the political grounds the economic incidence is certainly not heavy. The incidence is a reasonable one. After all when accounts are resorted to, it does not work out to more than a few annas in the year for consumption of salt for an individual, and the import does not fall heavily whatever may be on the people, the political considerations for reducing that duty or wholly doing away with it. Now, in India we have two important sources of revenue which are the mainstay of the Government. One is opium revenue duty and another is salt. For certain considerations, on which there may be divided opinions, the opium revenue duty has been practically dispensed with. The present opium duty is a fraction of the original duty and that duty, according to the pledges of the Government, will altogether disappear in a short time. The salt tax is the only duty from which the Government is able to get $6\frac{1}{2}$ crores of rupees a year, and if you are going to tamper with this duty, when its economic incidence is not serious; merely to obtain the sympathy and support of your electors or to please the masses and the general public who do not understand the figures and do not understand the nature of the incidence, how is the government of the country to be carried on? Another point which I request my Honourable colleagues to bear in mind is this. If you reduce that duty, again it will be very difficult to reinstate it. The opposition you will then encounter will be much greater, of a far more formidable character than the opposition you will encounter on this occasion. As I said before once you remove it, it will be difficult or impossible to replace it and, as this duty does not work heavily on the masses and on the consumers of salt, I ask you not to interfere with the existing duty. The responsibility of this Council in this matter is great. If you reduce this from 1-4-0 to ten annas per maund, the result will be a deficit of 3 crores and 12 lakhs of rupees in the revenues of the Central Government. The estimated profit of 1927-28 will be seriously diminished and what is the result going to be? Our friend the Finance Member has already given the other House a

11 A.M. warning that the Legislature will have to make its choice. They will have to make a choice between the remission of the provincial contributions and the reduction of the salt duty. And which is

[Sir Maneckji Dadabhoy.]

the more statesmanlike and expedient policy to adopt? The Statutory Commission is likely to come out early next year. Their report will probably be completed before 1929. You are going to ask the Statutory Commission for a further instalment of self-government. Public opinion at any rate seems to be clear on that point and is definite that the next measure of reform is the fiscal autonomy in the various provinces. Are you going to get that provincial autonomy if you keep this millstone hanging round the necks of Provincial Governments? Are you not going to relieve the provinces of their onerous liabilities that they may be able, when they obtain provincial autonomy, to manage their affairs and satisfy the public? I say, and I say deliberately, that the step which the Legislative Assembly has taken is most unwise and absolutely detrimental to the interests of this country. I am sure that this step has been taken in a hurry. Let this House as a revising Chamber set the matter right. Let us look to the needs of the greater India. You are aware that all the Provincial Governments are starved for want of funds. Every Provincial Government in the country this year has shown a very serious deficit. They are in distress. They are in absolute need of money. Are you going to deprive them of this great remission which the Government of India has decided to give? Are you going to postpone it, and for what purpose? To reduce the expenditure of every human being who uses salt in India by an anna a year. Would that be fair? Is it an equitable thing to do? I ask this Council to show again its sagacity and to rise to the occasion, and without one single dissentient I trust they will pass this amendment, which will put our provinces right and will not inflict any heavy burden on the individual consumers of salt.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras Non-Muhammadan): Sir, I must strongly oppose the amendment regarding the restoration of the salt duty to the old rate of Rs. 1-4-0 per maund. The other House in reducing it to 10 as. has only done bare justice to all, from the richest to the poorest. Salt is every man's necessity and enters into the food of every individual, without distinction of sex, caste, colour, or position, or even geographical boundaries. Not only human beings on the face of the earth but animals and plants as well require salt for their sustenance. Any duty levied on salt is therefore not merely in the nature of a poll-tax but also a tax on dumb animals. Salt is also required for various industrial and agricultural operations, and unless salt is issued duty free for these purposes, some burden is thrown on the industries in which it is used. Medicinally, salt is an excellent antiseptic and saline water is largely in use in cases of intestinal disorders and surgical operations.

From past records I say, Sir, that whenever the salt duty went up, the death-rate from intestinal diseases also went up and suffering still more. That is because the people used less salt with their food. For instance the quality of salted fish went down in a year of higher salt-duty, with the result that people suffered from intestinal toxemia and from worms, diarrhoea, colitis, etc. So in the interests of public health and safety particularly, if for nothing else, I oppose the amendment. Such a generally useful commodity should go tax-free and if it should be taxed at all, the duty should not press too heavily on the poorer classes. The salt duty, like exchange, was subject to artificial fluctuation and from Rs. 2-8-0 in 1888 it came down to Re. 1-0-0 in 1907, and, if I remember aright, the one act of benevolence, the one tangible manifestation of sympathy to India

exhibited by that autocratic Viceroy, Lord Curzon, was the reduction of the salt duty to the lowest limit of Rs. 1-0-0 till now reached. Then, slowly, during the War, the rate was raised to Rs. 1-4-0 and the aftermath of War made it necessary for the Government to effect a further rise in the rate and it was fixed at Rs. 2-8-0 in 1923. In 1924, it was reduced to Rs. 1-4-0 again. The Taxation Enquiry Committee have dealt with this question rather exhaustively in their Report and have given certain statistics which only go to prove their own unreliability, and not to substantiate the Committee's findings. It is assumed that people require 10 lbs. per head of taxed salt and any consumption above that was required for industrial purposes. In England and Portugal, where salt is untaxed, the consumption is 40 lbs. and 35 lbs. respectively, while in British India, it is only 12 lbs. But the consumption varies with the dietary and taking the wheat-using Provinces of the Punjab, the United Provinces, we find the consumption to be 10.98 and 10.26 lbs. in 1921-22, while in the rice-using provinces of Madras and Burma, it was 18.88 and 18.54, respectively. Even from these unreliable data, one conclusion is certain that people got their bare limit for their consumption when the rate of duty was Rs. 1-4-0, and the consumption must have been considerably less when the rate was doubled. I have at least some figures of Madras in support of this statement for 1922-23, the average consumption per head in the Madras Presidency was 21.19 and it went down to 15.11 in 1923-24 when the salt duty was doubled. But it went up to 21.84 in 1924-25 when the duty was brought down to Rs. 1-4-0 again. Either the industries must be starved or human consumption must be less than the average. The Taxation Enquiry Committee admit that "3 annas per head per annum, which is what a duty at Rs. 1-4-0 a maund would roughly represent, may involve a hardship in the case of the very poorest". But the consumer has to pay not 3 annas per maund but something extra to meet the middleman's profits. From the Administration Report of Salt Revenue in the Madras Presidency for 1924-25, it is found that the average rate was 3 annas 6 pies in 1924-25 as against 3 annas 9 pies in 1923-24. The following observation of the Collector of Salt Revenue, Madras, will be worthy of mention in this connection:

"The object of a monopoly is to ensure that salt reaches the consumer at a reasonably low and steady figure. To achieve this object fully, Government would have to make itself responsible not only for the manufacture and wholesale disposal of the salt but also for retail sales; otherwise there would be no guarantee against the profiteering of middlemen at the expense of the consumer."

How far the Government have succeeded in reducing the middleman's profits to a reasonably low figure, it is difficult to ascertain. In the opinion of Dr. Paranjpye, the salt-duty is a legitimate source for increased taxation only in cases of emergency and the normal rate should therefore be very low, and none can dispute it. The Assembly thought the time had arrived to bring the salt-duty down to 10 annas per maund, in the interests of the large class of consumers and labourers, whose cause this House had espoused only a couple of days ago. I hope, Sir, the Honourable Members will not vote counter to their own judgment.

One word more, Sir, before I conclude. It seems to me that the figures 1-4 are ominous and whenever they occur, they give trouble. In the ratio Bill, "1-4" created ill-will. Here, 1-4 has created some stir, never mind if it is shillings and pence as in the one case, or rupees and annas in the other. We have thrown down the 1-4 ratio; let us throw down the 1-4

[Dr. U. Rama Rau.]

salt also, and thus bring peace and contentment to the needy and poverty-stricken people of this country. With these few words, Sir, I oppose the amendment.

THE HONOURABLE MR. MANMOHANDAS RAMJI (Bombay: Non-Muhammadan): Sir, I rise to support the amendment, and I should like to make my own position in this connection clear as to why I support the amendment and oppose the reduction of the duty from Rs. 1-4 to 10 annas. Sir, I admit that the salt duty must go whenever there is an opportunity, and that it should be the first on the list whenever there is any chance for reduction in taxation. Sir, we all know that in the peculiar circumstances of this year, Government, with their large surplus, are able to announce a great reduction in the provincial contributions, and if we insist that the salt tax must go, perhaps we realize from the hint given by the Finance Member that the choice would then lie between provincial contributions or retention of the salt duty as it is. Now I want Honourable Members of this Council to consider what would be the effect. Provincial contributions have to be paid under a statutory obligation; the salt duty is a thing which rests on the vote of both Chambers. We can reduce the salt duty whenever we think it can be conveniently done, but to get rid of the provincial contributions, the Act has to be amended. Now it is a difficult thing for us to do. We are just on the point of getting rid of the provincial contributions, and therefore let us accept that as the first measure, and let us come to that stage when we get big surpluses in our Budget and then we can consider the question of the abolition of the salt duty first. That will be the right course for this House to adopt. Under these circumstances, Sir, I rise to support the amendment. But let it be clearly understood that I do not accept the arguments advanced by the previous supporters of this amendment, but I do it with only one object, and that is this, that our action should not interfere with the question of provincial contributions, and on these grounds, Sir, I support this amendment.

*THE HONOURABLE SARDAR CHARANJIT SINGH (Punjab: Nominated Non-Official): Sir, I beg to support the amendment. The question of the salt tax has been so thoroughly threshed out in the past that I would never have believed it possible for any responsible politician to bring forward the bogey of a salt tax agitation again. Still this is what has been done by reducing the tax from Rs. 1-4 to annas 10 per maund. While we were waiting and looking for a gesture of co-operation and good-will, we have been offered this gesture of obstruction. The relief proposed is 10 annas per maund. Firstly, it is so infinitesimal that it can never filter down to the consumers. Secondly, supposing for the sake of argument that it does not get frittered away, let us see how much it works out to per head. One person cannot consume more than one pound of salt at the most in one month. Therefore, what each individual would save in one month works out to $1\frac{1}{2}$ pies only. On the other hand, what India stands to lose by this reduction amounts to no less than 3 crores 12 lakhs per annum. I am sure no one seriously contends that the relief of $1\frac{1}{2}$ pies per head per month is worth the sacrifice of the remission of the provincial contributions which must necessarily go if this amendment is not accepted. I would therefore ask the Honourable Members of this House not to be led away by that school of thought with whom sentiment rather than reason has

become an article of political faith. For this House not to accept this amendment would be the height of irresponsibility. I would therefore strongly commend this amendment to the acceptance of this Honourable House.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to support the amendment. I do so, Sir, after a deep consideration of the question. I agree with my friend, the Honourable Sardar Charanjit Singh, that the reduction of the salt duty to ten annas will not materially affect the poorer classes. He has worked out the incidence of this duty on the poor to 1½ pies per month. This, Sir, is, I should say, the only evenly distributed form of taxation, and this sort of taxation is not so much felt by the people as appears to have been said in this House and elsewhere. I therefore, Sir, am for the restoration of the salt tax to Rs. 1-4.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, I do not want to give a silent vote on this very important question. Sir, very much has been said about the unwisdom of a reduction and about the wisdom of a restoration, and I would say that the point has been unduly stressed by my Honourable friend, the Honourable Sir Maneckji Dadabhoy. I do not know what makes him think that whenever there is a demand, he should characterise it as a purely political demand. Sir, in this case I would admit that there is a political demand—it is largely a political demand—but one has to admit also that there is a good deal of economic demand also. (*The Honourable Sir Maneckji Dadabhoy*: “No.”) Sir Maneckji Dadabhoy emphatically says “No”. I would only remind the House to consider this question that, whatever may be the incidence of taxation, however small and slight it may be, it has to be considered with reference to the capacity of the people to pay; at any rate even Honourable Members of the type of Sir Maneckji Dadabhoy would admit readily that here is an incidence which would fall somewhat heavily on the man who has got little or no means of subsistence, and the position is aggravated by the large class of unemployed labourers in this country. But I should not be taken to endorse the view that the time is ripe for introduction of the reduction of the duty on salt. Sir, I am always for the reduction of any incidence falling on the poor. But here we have got a very difficult position. We have to consider whether the restoration of the salt duty to Rs. 1-4-0 or the denial of provincial contributions works greater evil to the greatest part of the population. Judging by the standard of the greatest good of the greatest number, I would say that the reduction from the original duty of Rs. 1-4-0 has necessarily got this unpleasant effect. The Reforms have been working under very unfavourable conditions and we have been given, especially in the provinces, a very difficult and creaking machinery which requires much oiling, and I would urge that whatever may be the difficulties which the poor people may be subjected to by maintaining the duty at Rs. 1-4-0, it is imperative that some grease ought to be given to these provinces to work this creaking machinery. Seven years have passed since the Reforms have come into existence and the nation-building departments, which have been entrusted to the Transferred Departments in the provinces, have not had a fair trial. Let us at least give them some little breathing time, some little support, to enable them to show to the Statutory Commission that they are capable of functioning if larger powers are granted. Sir, it is only on this ground, and this ground only, that I would urge the restoration of the duty to Rs. 1-4-0.

[Mr. P. C. Desika Chari.]

There is also another aspect of the question which weighs heavily with me and it is this. We are put to a test whether under certain circumstances, when there is popular and political clamour, we are in a fit position to realise our responsibility and to shoulder that responsibility. Here is an unpleasant task and the acid test. I would say, Sir, that in the interest of further advancement of Reforms, with a view to show that we can shoulder responsibility under trying conditions, this restoration of the original duty of Rs. 1-4-0 is desirable, and I would also say this, that the restoration of the Rs. 1-4-0 duty is a natural corollary and would give the representatives in the other House an opportunity of further considering whether they ought not to consider the desirability of showing under very trying and tempting circumstances that they are capable of feeling and realising their responsibility, so that they may be granted further Reforms which they can shoulder with better results than they have been doing under these Reforms which have been half-hearted. With these words, I support the amendment which has been moved.

THE HONOURABLE MR. A. F. L. BRAYNE: Sir, I rise on behalf of the Government to support the amendment of my Honourable friend Colonel Nawab Sir Umar Hayat Khan. I should like first to remind the House exactly what the original proposal to remit contributions to the extent of 54½ lakhs means to the provinces. I include both the temporary and the permanent remissions:

Madras	165 lakhs.	
Bombay	84 „	including 28 lakhs of special remission, which has been given in the current year.
Bengal	63 „	
United Provinces	151 „	
Punjab	86 „	
Burma	50 „	
Central Provinces	22 „	and
Assam	15 „	

I would ask the House to ponder over these figures and see what they mean to each province. To Bombay they mean the balancing of a deficit budget and relief from all the worry and difficulty of a serious financial situation. In other provinces these large sums mean increased expenditure on schools and colleges, on hospitals and medical relief, the improvement of public health and the development of agriculture. All this disappears if the reduction of the salt duty stands. And what is the benefit for this sacrifice imposed upon the provinces? The benefit is that each individual in India escapes, in theory, taxation to the extent of about 1½ annas a year. I would ask the House to consider how far in their opinion the well-being of the community will in any way be improved by this trifling increase in their purchasing power. I make bold to say that those who benefit would never be sensible of any benefit at all. The incidence of the tax is, as the Honourable Sir Umar Hayat Khan said, extremely small and falls on a section of the population which probably contributes very little towards the protection which they receive from the State, and it should be remembered that the burden, if burden it is, is far less than it was in previous years. In 1844 the incidence of the tax was Rs. 3-4-0 per maund. From 1888 to 1903 it was Rs. 2-8-0; it fell to Re. 1 in 1907 and then rose to Rs. 2-8-0 in 1923. In 1924 it fell to Rs. 1-4-0. It is only necessary to consider the proportion which the expenditure on salt of the individual tax-payer

in 1900 bore to the low wages then prevalent and the proportion to-day with salt at 1-4-0 and a much higher scale of wages to realise how much less a part the salt tax now plays in the domestic economy of the masses of the population. Much has been said at various times of the burden imposed upon the poor man by this so-called iniquitous levy upon a necessity of life. I wonder how far the Honourable Councillors of numerous Municipalities in the country remember this argument when they consider their annual budgets and especially their revenue from octroi which is imposed on necessities such as foodgrains, ghée, fire-wood, etc. For example, in the Municipality of Allahabad which I understand is largely governed by nationalist influence, I believe the incidence of the octroi duty is Rs. 4 per head per annum as compared with an incidence of salt tax of Re. 0-3-6. I therefore ask the House to compare the advantages which India will reap from the total remission of the provincial contributions with the imperceptible advantage to the individual of the lower salt tax and then, if they are satisfied, to support the amendment which my Honourable friend has proposed.

THE HONOURABLE THE PRESIDENT: The original question was:

"That clause 2 do stand part of the Bill"

Since which an amendment has been moved:

"That in clause 2 of the Bill for the words 'ten annas' the words 'one rupee and four annas' be substituted"

The question is that that amendment be made.

The Council divided:

AYES—28.

Akbar Khan, The Honourable Major Nawab Mahomed.
 Brayne, The Honourable Mr. A. F. L.
 Charanjit Singh, The Honourable Sardar.
 Commander-in-Chief, His Excellency the
 Corbett, The Honourable Mr. G. L.
 Dadabhoy, The Honourable Sir Maneckji.
 Das, The Honourable Mr. S. R.
 Desika Chari, The Honourable Mr P. C.
 Evans, The Honourable Mr. F. B.
 Forest, The Honourable Mr. H. T. S.
 Gray, The Honourable Mr. W. A.
 Habibullah, The Honourable Khan Bahadur Sir Muhammad, Sahib Bahadur.
 Haig, The Honourable Mr. H. G.
 Manmohandas Ramji, The Honourable Mr.

McWatters, The Honourable Mr A. C.
 Mehr Shah, The Honourable Nawab Sahibzada Saiyad Mohamed.
 Misra, The Honourable Pandit Shyam Bihari.
 Muhammad Hussain, The Honourable Mian Ali Baksh.
 Nawab Ali Khan, The Honourable Raja.
 Rainy, The Honourable Sir George.
 Ram Saran Das, The Honourable Rai Bahadur Lala.
 Sams, The Honourable Mr. H. A.
 Stow, The Honourable Mr. A. M.
 Swan, The Honourable Mr. J. A. L.
 Tek Chand, The Honourable Dewan.
 Thomas, The Honourable Mr. G. A.
 Thompson, The Honourable Sir John Perronet.
 Umar Hayat Khan, The Honourable Colonel Nawab Sir.

NOES—9.

Govind Das, The Honourable Seth.
 Mahendra Prasad, The Honourable Mr.
 Mukherji, The Honourable Srijut Lokenath.
 Ramadas Pantulu, The Honourable Mr. V.
 Rama Rau, The Honourable Rao Sahib Dr. U.

Roy Choudhuri, The Honourable Mr. Kumar Sankar.
 Sinha, The Honourable Mr. Anugraha Narayan.
 Suhrawardy, The Honourable Mr. Mahmood.
 Zubair, The Honourable Shah Muhammad.

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Clauses 3, 4, 5, 6 and 7 were added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That Schedule I do stand part of the Bill."

THE HONOURABLE SETH GOVIND DAS (Central Provinces: General): Sir, I rise to move my amendment which reads thus:

"In Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head 'Postcards' the following be substituted:

'Single	...	...	...	Quarter Anna.
Reply	.	...	...	Half Anna'."

Sir, at the very outset I should point out that I am not going to make practically any speech on this question. It is not, Sir, because I do not think it to be an important measure that I propose to do so. I think it to be an important measure and a most important measure, but my reason for not making any long speech is that I think sometimes observing silence is better than speaking.

THE HONOURABLE SIR MANECKJI DADABHOY: What about your other speeches?

THE HONOURABLE SETH GOVIND DAS: I want to leave it to the Members of this House and the Government to deal with this question which has been moved in this House as well as in the other place so many times and is a question which has a very great concern with the poor and with those poor who really need relief and badly need it. Sir, I believe I am very reasonable, in fact over-reasonable, in moving this amendment. I have not moved any amendment regarding envelopes, and I am only moving an amendment regarding postcards which are generally used by very poor people. I have been pointing out on the floor of this House many times that if Government wished to relieve the poor they could do so. They have sufficient money for their purpose. They have sufficient money to spend on highly paid civil and military services. For this only 86 lakhs are wanted, according to their own calculation. According to us it will be much less because the sale of postcards will increase. 86 lakhs is a trifling sum for the Government who is spending huge amounts on so many other things. Therefore I want that at least on this point Government should be reasonable. With these few words I move my amendment.

THE HONOURABLE SRINUT LOKENATH MUKHERJEE (West Bengal: Non-Muhammadan): I give my wholehearted support to the amendment so ably moved by my Honourable friend. There are three points to be considered, firstly, whether the increase in the rates has affected the poor masses of India and whether there is a consequent fall in the sale of postcards, secondly, whether the Postal Department is made a paying or a self-supporting concern in any other countries having national Governments, thirdly, whether Government is justified in persisting in the increased rates on postcards even when the Budgets have been showing surpluses.

Sir, in coming to the first point, I think up till now Government have not been able to produce any convincing arguments against the abrupt decrease in the sale of postcards from 650 millions in 1921-22 to 530 millions just after the existing rate was enforced. Further the argument of the

Government that the people are getting used to the higher rates has been falsified by the fact that when the postcards were selling at a quarter anna the increase was 38 millions in 1918-19 than that of 1917-18, 42 millions more in 1919-20 than 1918-19, whereas on the contrary the increase of sale of postcards was nearly 6 millions higher in 1923-24 than that in 1922-23 and about 8 millions higher in 1924-25 than in 1922-23. In one word it means that in the two years 1918 to 1920 the increase in the sale of postcards was nearly 80 millions, whereas the increase in the two years 1923-25 was only 14 millions. Even if we take the figures of the last 4 years from 1923, the increase in the number of postcards is only 27 millions, whereas the increase in the two years in 1918 to 1920 was as much as 80 millions. Sir, this conclusively proves that the masses do feel the heavy rate on postcards and do not use them unless very hard pressed to do so. Then, Sir, with the industrial development in the country a considerable portion of the village and rural population leave their families in their village homes and go to earn their wages in industrial centres and urban areas. As such, if the rates of postcards had been at pre-war rates the increase in the sale of postcards would have been a number of times greater than even those of the years 1918-1920.

In coming to the second point, I may state generally that in the countries having national Governments postal service is effected even at the expense of general revenues of those countries. Sir, I think I will not be wrong if I say that in the United States of America having a government of the people, the national Government of the country makes a large contribution for postal service from the general revenues. But here in India the bureaucratic Government is too wooden to be compared with any civilised and growing form of administration. The increase once effected in any tax by them must always be persisted in for grinding the masses, to get out more money for meeting Lee loots and spending on standing armies required for Imperial purposes.

Sir, in coming to the third point, whether the Government is justified in persisting in the increased rate, I can only say that in 1921-22 the increase was sanctioned by the Indian Legislature in order to balance the Budget which was otherwise going to be a deficit one. But in these days when Budgets are surpluses there is no justification for the Government in persisting in the enhanced rate. I am certain that if the Government of this country would have been a humane institution then they would have found out ways and means to reduce postal rates and at the same time give the employees proper relief. Sir, if we urge the reduction of any taxation in the country Government will always put forward their antediluvian arguments of a fall in revenue. Sir, if we had the real power then it would have been for us to give the cloth and for the Government to cut its coat accordingly. But unfortunately we are slaves in our own country and therefore we are expected to do what our masters bid us to do even for their own benefits and gains.

Then, Sir, there is the question of the deficits of the Telegraph and the Telephone Departments which are the pet children of the bureaucracy, for with the help of these and the military it will be easier for them to keep the people of this country in bondage for a longer period. Further, this Government spends some 53 crores on military expenditure, can find out millions for creating an Indian aerial fleet, will certainly find out crores, when necessary for the creation of the Royal Indian Marine, can grant Lee Loot to the members of the steel frame administration and can spend

[Srijut Lokenath Mukherjee.]

some 25 crores in manipulating the stabilisation of the exchange ratio at the unjust figure of 1s. 6d. simply for helping what I should name as the Blackest Loot. But the same Government brings the argument of a fall in revenue and postal earning when it is a question of relief to the people of the country by a few millions. What justification has Government to utilise the surpluses in the postal side to meet the deficit of the Telephone and the Telegraph Departments? What steps have Government taken to make the said two Departments self-supporting after the insistent demand on the popular side in the Indian Legislature? Why could not Government find its way to increase the telegraph rates? The reason is plain and simple because it will touch the pockets of the White Business men in this country who are said to be great patrons of the Telegraph Department. Why could not the Government raise the rates on imported catalogues and printed matter? Why do not Government raise the rates on parcels? All these which I have mentioned are no concern of the masses. They never care for Whiteaway's catalogues or Francis Harrison's sale notices. Knowing all these, we Indians, and especially on this side of the House, cannot but press for the reduction of rates on postcards which are the only means of communication for the poor masses of India. But the Government, as I have said, is too wooden to accept any of such suggestions which ultimately affects the business of our masters and their countrymen. Further, I ask the Government that every now and then we hear from them sympathy for the masses but where are those crocodile tears now? Why do not they come forward with the suggestion of reduction of postal rates and increase of telegraph charges?

Lastly, I take this opportunity of congratulating my friend the Honourable Sir Bhupendra Nath Mitra for making the following statement in the other House. He said:

"It is hardly correct to say that the surpluses in the Postal Branch are contributed by the poor man. As has been pointed out by Sir Geoffrey Clarke several times on the floor of this House that our rural post offices do not pay."

And he went on and said further:

"The surplus in the postal branch must therefore be contributed largely by men living in the big cities and urban areas who are the very people interested in the telegraph and connected services."

Sir, we on this side of the House do not agree with what my Honourable friend the Member in charge said in the other place. The whole statement is based on the wrong assumption that the urban population are always richer. On the other hand, Sir, it is just the reverse; with the exception of a few important cities like Calcutta, Bombay, etc., most of the earnings of the urban post offices come from the poor. As I have already said, in these days of easy means of conveyance and of industrial development, the rural population is gradually moving towards the urban areas and industrial centres and the wage-earners of these centres contribute most of this postal surplus. In this connection I would like to ask my Honourable friends opposite whether there is any other post office where the postal earnings are more than in the few in Tatanagar or in the neighbourhood of the jute mill areas in Bengal. But who contribute to the earnings of these post offices? It is the daily wage-earners who send letters to their village homes. The earnings never come from the few European managers and officials of these industrial centres.

Lastly, I would ask the Government to consider the matter seriously and favourably as the increased rates in the means of cheap communication is shattering further the already shattered belief of the masses about the advantages and benefits of your administration. The resumption of a cheaper means of communication will, I believe, not only redress a main and real grievance of the public but at the same time will bring to the Government blessings in disguise by pacifying the masses at least to a certain extent. Here is an opportunity and I appeal to my Honourable friends opposite not to let this chance go by. It is now high time that Mr. Ley's "hardy annual" should be uprooted once for all by the reduction of the rates on postcards.

With these few remarks, Sir, I wholeheartedly support the amendment.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma General): Sir, I want to say a few words about this very important amendment which has been engaging the attention of this House as well as of the other place so often. Last year, in speaking on a similar amendment I dealt with this question at great length, but I do not propose to go in detail into this matter on this occasion. Sir, in a House like this there is a feeling of depression when questions of popular demands are brought in. On one of my Resolutions the Honourable the Home Secretary referred to a term used in the game of tennis. He characterised my Resolution on one occasion as an attempt to get as many "love sets" as possible. I would ask the Government if they have not a feeling of satiety in having repeated love sets here. All the same we are continuing in this Council at least to give pleasure to the Treasury Benches to enable them to get love sets as often as possible. But we are here doing our duty by our constituencies. There is a very large demand in the country for the reduction of postal rates. Sir, the figures which are given in these voluminous pages are not easily understood even by people who take some trouble and much less in the case of the mass of the people, who cannot be convinced by any amount of reason or the cold logic of facts in the shape of these figures. More especially is that the case when the figures of different Departments are presented to us merged in one head, though presently we may be told that separate accounts are being maintained for all these Departments. Sir, they take particular care to show that this Department, which we thought to be self-supporting, is only arriving at that ideal and has not yet come to it. But really speaking, if you look at the budget of the Postal Department you find that every year there has been a profit, and this year I find that the Postal Department has earned a profit of more than 24 lakhs of rupees. But these budget figures unnecessarily burden the Postal Department with a good many items of debit which that Department ought not to bear. First there is the item of interest charged to revenue. Sir, after all what are these capital charges on which interest is being paid? They are the charges for buildings, etc., provided from general revenues, and the general revenues have been to some extent augmented by the revenue from the Postal Department. Also I am not in a position to say how much of that capital expenditure has been furnished by the Postal Department, but I take it that it has been somewhat considerable. Sir, this Postal Department is treated in a very step-motherly way by the Central Government. It does not receive the same sort of attention which the military side receives. I am only referring to one aspect of it. The Railway Department is giving a concession to the Military

[Mr. P. C. Desika Chari.]

Department. I would request that the same concession may be given to the Postal Department. After all the railways and the post offices are sister departments and there is a good reason for the Railway Department to show some concession to the Postal Departments by doing away with the charges which they at present make against the Postal Department. That would add something more to the profits of the Postal Department. Sir, the Retrenchment Committee suggested that the cost of maintenance of this Department may be as low as 8½ crores. We find, Sir, that the recommendations of that Committee have not been adhered to at all in the matter of expenditure. Expenditure in this Department has been going up, and we are now told that if this popular insistent demand is met then the general revenues will be compelled to pay a subsidy. And they go on to say, if you ask for a subsidy for this Department why not pay subsidies to several other Departments as well? I say, Sir, this Postal Department is not merely a commercial concern. I find originally the Government of India were inclined to regard it purely as a commercial department and they wanted to work it purely on the same lines as a merchant runs a business which has no pretensions to being of national utility. But the Postal Department is an agency of very effective national utility in various directions, and when such is the case is it not right and proper that the general revenues should pay a subsidy? The principle has been well established that no civilized Government should refuse to subsidise an agency for national utility. After all, when we look into the question, we find the general revenues are asked to pay a subsidy to the sister department of Telegraphs and Telephones, and we find also that subsidies are being paid to other departments in which the public at large is not interested. Take, for instance, the Ecclesiastical Department. If the Ecclesiastical Department has to be maintained, where is the need for the general tax-payer to subsidise that Department? In 12 Noon. fact the general tax-payer is practically not subsidising but paying the whole cost, the entire cost, of the Ecclesiastical Department, which cannot be said in any sense to be an institution of public utility in the larger sense. It may serve the purposes of a particular community, but it does not serve general purposes. So, after all, this question of a subsidy is a stale thing which is brought up every time this demand arises, and this is therefore after all a very strained attempt to explain away a very difficult position. The Government of India cannot deny that there is a large demand in this country and that this is a demand which ought to be met. Sir, after all, we find in more advanced countries where the cost of living is higher—for instance in the United States of America,—the postal rates are kept as low as possible. The general principle that is applied in all these cases is that in the matter of such vast importance, in the case of an agency which serves such a large purpose, this narrow and restricted and technical view of things ought not to prevail. We expect from the Treasury Benches some sort of sympathy and support for such a large popular demand. Sir, I am conscious that there is ample scope within the Department itself to find the ways and means to effect this reduction of postage and at the same time not trench upon the resources of general revenues. It is, after all, a small item and if the general revenues ought to pay some amount for some time at least to keep down the postage, it is a very necessary thing because, after all, in a large Budget involving several crores this small item of a few lakhs of rupees

(*The Honourable Sir Maneckji Dadabhoj*: "How many"?)—say 90 lakhs,—if you make the reduction, it will come to Rs. 87 lakhs, but we have to take into account, as explained last year, that there will be a reduction of traffic in letters from the increase of traffic in postcards. Taking these two things together, it is not likely to come to any figure over one crore of rupees. But this one crore of rupees will not be the loss that will be sustained. Sir, by the reduction of the postage, it is not denied, and I do not think it will be seriously disputed, that there will be a large increase in the traffic, and this large increase, to anticipate the arguments of the Treasury Benches, would lead to a larger and larger subsidy. Sir, I join issue and say that a larger subsidy will not be necessitated. No doubt the staff may have to be increased in the lowest grades, and, after all, the higher ranks of the Post Office are quite enough so far as the controlling agency is concerned, even though there is a larger traffic; and after all, it is bound to result in a profit; though not proportionate to the increase in the traffic, it is bound to result in a profit to some extent, and this subsidy is bound to go on decreasing year by year; and this aspect of the case, that the reduction of the price of the postcard will automatically increase the traffic, is a consideration which ought to weigh very heavily with the Members of this House. Sir, if the Post Office is a national agency, is there any reason why the fullest benefits of that national agency ought not to be enjoyed by the mass of the population who want it? If, by putting up the price of postcards you prevent a large number of people from taking advantage of this national agency, is that not a sufficient reason to give some sort of support to that national agency which will make it more and more efficient in the interests of the greatest good of the greatest number? Sir, I know that the Honourable Member in charge of the Post Office will say, "We are going to improve the position of the postal clerks". But it is unfortunate that this improvement in the pay and prospects of the postal employees should be coupled along with this larger demand for a reduction in the price of the postcard. Sir, in the matter of higher appointments, when they want to give allowances and increases of pay to the higher staff, they take particular care not to bring forward the ultimate effect upon the revenues of a particular Department. But it suits them to bring forward this one excuse so that people who have got some sympathy for the reduction of postcards may be induced to vote against it. Sir, this is not a reasonable attitude to take up; and after all, last year, after the Swarajist Members walked out, this Council very nearly passed an amendment on the same lines brought forward by my friend, the Honourable Lala Ram Saran Das: and I say, Sir, those people who voted on that occasion should consistently vote also on this occasion; and I do not think anything else has intervened between last year and this year to take away the support of those people. On the other hand, I would submit that there is a better reason for giving a larger support this year. We are assured, Sir, that the finances of the country are in a very sound condition. We are assured also, and there is a sort of prophesy, that the Budgets for the coming years also like the Budget of the present year would result in realized surpluses. In these circumstances, I think there is a greater need for supporting the amendment of my friend, the Honourable Seth Govind Das, as it is quite opportune, and the time is ripe for giving effect to this popular demand which has been denied for so many years. With these words, Sir, I heartily support the amendment.

THE HONOURABLE SIR MANECKJI DADABHOY: Sir, as I propose to vote against this motion (*An Honourable Member*: "As you always do."), I would like to explain my position as to why I have come to that decision. Let me assure this House and Seth Govind Das that I am in deep sympathy with this amendment. (*An Honourable Member*: "Lip sympathy.") No, not lip sympathy, practical sympathy. I am in deep sympathy with the amendment, and I hope the time will come as early as possible when this much-needed relief will be given. I am entirely in favour of this, but my humble opinion is that this is an inopportune time for pressing on the Council an amendment of this nature. What do we now find? As a matter of fact for the year 1926-27 the revised Budget points to a net loss of Rs. 7 lakhs as compared with the original estimate of Rs. 10 lakhs in the combined revenue of the Postal and Telegraph Departments. We are there confronted in the first instance with this important fact that this Department is working at a loss, and next year there is not much hope, according to the speech of the Finance Minister, of effecting any improvement in the matter.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What about the Postal Department alone?

THE HONOURABLE SIR MANECKJI DADABHOY: My friend asks "What about the Postal Department alone," and my answer is that before we reduce the stamp duty on postcards it is imperative on our part to raise the starving salaries of postal peons and postal clerks about which much has been said in this Council before. (*An Honourable Member*: "It has nothing to do with this.") It has a great deal to do with it. If you cannot understand, I cannot make you understand. Postal peons are at present receiving starvation wages. Their wages have not been increased substantially of late. Their position is a primary object of our sympathy. If you want good and efficient postal service your primary duty is to see that these postal peons are properly paid according to the general rise in wages.

THE HONOURABLE SHAH MUHAMMAD ZUBAIR (Bihar and Orissa: Muhammadan): Are you giving an assurance on behalf of the Government that the pay of the postal peons will be increased?

THE HONOURABLE SIR MANECKJI DADABHOY: It is not my privilege to give any assurance on behalf of the Government. The Honourable Member is present here and he will tell you what he thinks of it. At present I am expressing my view on the subject that I think it is more obligatory on our part that we should ameliorate the condition first of these wretched servants before we go and have a reduction . . .

THE HONOURABLE SHAH MUHAMAD ZUBAIR: It is not in our hands, Sir.

THE HONOURABLE SIR MANECKJI DADABHOY: You cannot have everything at one and the same time. It is not in your hands, it is not in my hands, it is not in the hands of the Government.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY: We want both. We want both the reduction in prices of postcards and an increase of the pay of postal peons, etc.

THE HONOURABLE SIR MANECKJI DADABHOY: I hope you will get both, and I shall be very pleased to see when you get them.

THE HONOURABLE THE PRESIDENT: The Honourable Member has got into the habit of holding conversation with other Members of the House. He complained of interruptions, but I think the House will be with me when I say that the Honourable Member invites them.

THE HONOURABLE SIR MANECKJI DADABHOY: I am sorry. I will take no notice of any observations that may be made. That is one reason why I consider that this is not the opportune time. Moreover, Honourable Members have not pointed out to us where the money is to come from. If they had indicated in the course of their speech a constructive programme as to how this money of 87 or 90 lakhs, which is nearly a crore of rupees, is to be found, I should have been happy to revise my opinion. I am certainly not going to allow this year anything, so far as I am personally concerned, to conflict with the total remission of provincial contributions. I want that millstone should for all time be removed now and when we get this opportunity it should be wholly removed, and when it is removed I shall be the first, and very happy indeed, to join my colleagues here in pressing for suitable and appropriate reductions in matters of taxation. But this year we are precluded from doing so, because if we do make a movement in any other direction, we shall be retarding in part the remission of provincial contributions, and I hope even my Honourable friend Mr. Ramadas Pantulu will agree that his province is in much greater need of 187 lakhs this year than any relief or remission in other directions. Then also the question is, once we get rid of provincial contributions and we have a surplus, our duty will be then to consider which relief should get precedence. Here my friend asks for this. My friend on the right has got another amendment for reduction of the super-tax. We cannot have all at one and the same time. We will have to consider the respective merits of each demand, and how far it is justified; and when we get rid of the provincial contributions, and when we have got a surplus, then the duty of this Council will be to examine each demand and to see which should get real precedence in the matter of reduction of taxation. It is for these reasons, with great reluctance, I am compelled to oppose this amendment, though my full sympathies are with the Honourable the Mover.

THE HONOURABLE MR. A. C. McWATTERS (Industries and Labour Secretary): Sir, the Honourable the Mover of this amendment was commendably brief in his remarks and I will endeavour not to detain the House too long in replying to them. This is not the first occasion on which I have taken part in the debate on an amendment of this kind to the Finance Bill. But on this occasion I am particularly glad to be able to approach it not merely from the financial point of view, but from the point of view of the interests of the Department with which I am now connected, because I hope to convince the House quite easily that from the point of view of that Department, as well as from the point of view of general finances, it will be most undesirable to accept this amendment.

I will deal first of all with the question of the cost. The Honourable the Mover mentioned the figure of Rs. 86 lakhs which is approximately correct. We ought to take of course the figures of traffic estimated for the coming year, which would bring the figure to about Rs. 90 lakhs. But apart from that, on the question of cost, there are two important considerations to remember. The first is that if you have a postcard rate of a quarter of an anna and a letter rate of one anna—and there are no proposals before

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us for the amendment of the letter rate—it will be an uneconomical arrangement, because the gap between these two rates is too large and you will have a diversion of traffic from letters to postcards. As I shall show later on, the postcard is used not only by the poor man but very largely by the business man. And the business man is much the same all the world over. The business man, especially if he is a successful business man, “needs must love the *cheapest* when he sees it,” and therefore there is no doubt whatever that we shall find a large diversion of traffic from the letter to the postcard, from the more productive rate to the uneconomical rate. There is a further point. We expect of course by the reduction in the rate that there will be an increase in the traffic in postcards. But I would point out that if we are selling postcards at an uneconomical rate, that is to say, if the revenue which we get from the postcard is less than the cost of the staff we employ to handle it, it follows that any increase in the traffic must simply add to our loss and not reduce it. It is only in the very small one-man post offices that we could handle this extra traffic without additional staff, and therefore, generally speaking, although the overhead charges would be somewhat spread and therefore the loss on the additional traffic would be proportionately less, there would still be a loss and every increase of traffic will merely add to the loss. Therefore I consider that the House should take a figure of at least a crore as the probable loss if this amendment is accepted.

As regards the general financial policy which governs the administration of this Department, it is that the Department, being a public utility concern, should not be run at a profit nor, on the other hand, should it be a burden on the tax-payer. After all postal rates are not a tax at all, they are merely payment for services rendered. Now, I suppose every Member of this House will have seen this Memorandum which I have in my hand and which was circulated recently. It shows the latest figures for the working of the Department. In the current year the joint Department will be working at a loss of about Rs. 7 lakhs, and in the coming year we hope that the loss will be reduced to the much smaller figure of about Rs. $\frac{3}{4}$ lakh. In other words we hope that the joint Department will be practically covering its expenses. This Memorandum also shows the figures of each of the separate branches of the Department. At the present time I do not think it is necessary for me to go in any great detail into the question of the commercialisation of accounts, as I had occasion to speak on it in the House a few weeks ago. The Memorandum on the commercialisation of accounts was presented to the Public Accounts Committee of the other House and, I believe, met with their general approval. The new accounts present the figures separately of the three branches of the Department and the position which is anticipated in the next year is this. The Postal Department is expected to work at a profit of 8 lakhs; the Telegraph Department at a deficit of nearly 6 lakhs and the Telephones at a deficit of about 2 $\frac{3}{4}$ lakhs. I think the House will realise therefore that the conclusion which was arrived at by the writers of this Memorandum indicating that neither the Post Office nor the Telegraphs would be found to be working at an appreciable profit or loss, is substantially correct. But there is one further point. In so far as the Telegraph Department is working at a loss, it is due very largely to the specially privileged rates which are allowed for press telegrams. In every country, and quite rightly, specially privileged

rates are allowed for press telegrams because the newspaper fulfils special functions for the general benefit of the community. It helps the spread of education; and by helping the spread of education and increasing correspondence, the newspapers pay back to us through the postal rates a good deal of what we lose on the press telegram rates.

The position then simply is this. If effect be given to this amendment, there will be a loss of approximately a crore of rupees in the General Budget and that loss can be made up only in one way, that is by the imposition of other taxation.

I turn now to what I regard as a no less important aspect of the question, namely, the effect of this amendment on the Department itself, and as a preliminary point I would like to call attention to the figures of traffic in postcards. What I have to say applies equally to letters, but for the moment we are concerned only with the postcard traffic. The House will observe that in the year 1922-23, that is immediately after the rates were raised, there was a falling off in postcard traffic of something over 100 million postcards. They will also observe, if they look at the figures, that in the five years before the War the average increase in postcard traffic was 14 millions a year. Immediately after the War, however, in the three years from 1919-20 to 1921-22, there was an increase of no less than 99 million postcards, and what was the reason for it? Obviously those years coincided with the trade boom after the War, and further the great falling off in the following year, which coincided with the increase in our rates, must have been largely due to the unprecedented slump in trade in that year. I think there is one conclusion which we may draw from this, and that is that the postcard is used to a great extent by business people. But I can prove that from figures which are even more conclusive. If we take the figures of a purely rural area such as Bihar and Orissa and compare them with a large industrial Presidency like Bombay, we find that the population in Bihar and Orissa is approximately 38 millions and the population in Bombay is 27 millions. But the number of postcards used in Bihar and Orissa is 33 millions while the number used in Bombay is 110 millions. I ask the House to consider what inferences are to be drawn from that. Obviously, as indeed we all know, the postcard is largely used by business people and the middle classes in the towns

THE HONOURABLE SETH GOVIND DAS: And by whom are envelopes used, by the poor? Is that so?

THE HONOURABLE MR. A. C. McWATTERS: It is also used by the poor; I am only saying a large number of postcards are used by these other classes. The further point to which this leads is this, that one result of this amendment will be to hamper us in the development of rural facilities, extending post offices in rural areas. I doubt very much therefore whether we shall be doing any very great benefit to the poor man by passing this amendment. I might explain that in the five years leading up to 1924-25 the number of new post offices increased only by 780. In the last two years alone we have started 1,400 new post offices. I ask the House to consider whether, before we run this Department at a loss, we should not try to bring postal facilities nearer to the door of every man.

I now turn to another aspect of the question which is also very important and that is the effect of passing this amendment upon the conditions of service of the staff of the Department. Honourable Members of this House

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will no doubt have read the Memorandum which appears as an appendix to the yellow book that was circulated at the time of the Budget. That Memorandum describes in detail the proposals which have been given effect to and which are proposed for the improvement of the conditions of the staff. In the current year we shall have spent about Rs. 5,80,000; in the Budget are included proposals amounting to Rs. 12,15,000 and in a full year the proposals already sanctioned will cost Rs. 24,50,000. There remain other members of the staff whose case has not yet been dealt with and the body of inferior servants, to whom the Honourable Mr. Chari referred, is included among them. They are specially referred to in this Memorandum, a body of about 40,000 Government officials. In order to deal with all these cases we shall probably require a sum of something like Rs. 10,00,000, so that the total cost of these improvements in the conditions of the staff will cost about 35 lakhs of rupees. I ask the House to consider, if this amendment is passed and the Department becomes a deficit department, how the Honourable Sir Bhupendra Nath Mitra or myself will approach the Finance Department and ask for further money for the improvement of our staff and for the extension of rural facilities. We shall be in a very different position if we approach them as a paying concern than if we approach them as beggars, as one of the queue of unproductive services.

There is one further point. The House a few minutes ago, by restoring the rate of the salt duty to $1/4$ has shown that it desires that the programme of remission of contributions should be carried out in full. The effect of passing this amendment will be to make that programme inoperative to the extent of one crore. And I would especially call the attention of my Bombay friends, who stand very low in the distribution list of contributions, and ask them to consider how that would affect the Bombay Presidency. And I would appeal to the House as a whole, when they have given generously with one hand not to take away the gift with the other.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab Non-Muhammadian): Sir, I rise to support the amendment. Why I do so, Sir, is because people expect blessings in the way of communications from a civilized Government. The Honourable Sir Maneckji Dadabhoy has said if ways and means be found for finding the money, he will see his way to support this amendment

THE HONOURABLE SIR MANECKJI DADABHOY: Not this year.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Why not. Sir, we have been seeing during the last couple of years that our Finance Member has been underestimating our revenues, and the average under-estimation has run to somewhere near two crores a year. I believe this year we shall have a similar surplus in the end. We hope to find a surplus of between 2 and 3 crores. One crore can be easily met out of that. In case this is not a business proposition we can find this 90 lakhs by reducing our debt redemption which is now being met on a larger scale than what it ought to be. The Honourable Mr. McWatters has intimated to this House that during the last two years 1,400 new post offices have been opened and thus facilities have been extended to the public. The Post Office, as he himself has said, is run purely on commercial lines and the opening of these new post offices must have proved to the Department a paying proposition before these post offices were made

permanent. So by adding permanently to the number of our new post offices we are certainly adding to the postal revenues. Mr. McWatters has also said that postcards are used by business people more than they are used by the people in rural areas. In that connection I beg to say that as far as Punjab is concerned we find that postcards are much favoured by the poor and rural classes. The comparison between Bihar and Orissa and Bombay is perhaps due to the fact that in Bombay the people are more literate than they are in Bihar and Orissa, and literacy goes a great way to increase postal traffic. The Honourable Mr. McWatters has not taken into consideration the normal increase in traffic every year. I think the normal increase in traffic every year will to a certain extent compensate for this loss. The Honourable Mr. McWatters has also said that there has been a deficit of 6 lakhs in the Telegraph Department and 2 lakhs and a quarter in the Telephone Department. As far as the Telegraph Department is concerned my own opinion is that if the increased rates on telegrams were reduced, I think our revenues will certainly increase from telegrams. 12 annas initial fee for an ordinary telegram is rather too high. I remember the days when the four anna telegrams were introduced and how the people were using the telegraphs freely. He has also said that after the War owing to the trade boom there was an increase in postal traffic. I hold that at the present time and for the last four years there has been constantly a trade depression which has also accounted for the loss in postal traffic. I think, Sir, that when our trade depression removes and better times come we would certainly have better postal traffic. There is one more point I want to mention before I finish that increase in the cost of extra establishment will not be in proportion to the increase in postal traffic. The increase in establishment will be quite trifling as compared with the increase in traffic and so the argument put forward by the Industries Secretary as regards the extra cost in working the postal services does not hold good. By pressing this amendment I do not mean to say that the emoluments of the postal clerks and peons should not be increased. They ought to be increased and they deserve the increase. With these few words I support the amendment.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: One of the causes for which I stand to speak is that last time when my Honourable friend Lala Ram Saran Das moved a Resolution I voted for it because I was assured by a colleague that he knew of some cases of hardship. Before that I have spoken on this subject about 8 or 10 times and I have always been consistent and said that there was not much need for a reduction in the price of postcards. It is a sentimental cry more or less like that of salt because if one card is to be written per week the cost could only come to two annas a month. I know the rural parts where I live. To begin with there are no post offices there and so the people cannot buy cards. Their relations are generally in the village itself or in one or two villages round about which they can reach easily and speak verbally rather than write a letter which takes three or four days to reach owing to the post office not being in each village. About this letter writing another thing is that some people who have been educated think that they must use their brain and they get the letter writing mania. I have received letters from which I have noticed that a big trade in begging is going on. They write letters saying that they are in such and such a plight and hardship. Perhaps they will write 20 letters to wealthy people. I have known some beggars who, when finding a wealthy godly man who has got a belief in a

[Sir Umar Hayat Khan.]

particular spiritual leader, write to him to the effect that in a dream they had seen the spiritual leader who told them to approach the wealthy godly man and he would give them the money required. In fact I myself have received such letters also. During the last few days in Delhi, I gave postcards to some of my servants. They wrote them and came asking for more postcards. I did not know what they were writing and asked the Munshi who writes the cards for them. In most of these only this was written: "We are quite all right. We are very sorry we have not had a letter from you." And when that card goes to the other side naturally the relations like to buy another card and write back. And so it goes on to and fro like a shuttlecock. On the big questions of the salt duty and the ratio many able Members have voted on the side of the Government, which practically means in favour of abolition of the provincial contributions. It has been emphasised here that we cannot afford to lose this one crore of rupees annually, as it will affect our remission of contributions proportionately. A poet has said, Sir:

*"Khat likhenge garchi matlab kuchh na ho,
Ham to áshiq hain tumhare nám ke".*

It means, "I will write letters even though I have got nothing to say; my pleasure lies in addressing you only. So, I think, those who write such letters can easily write once in two weeks instead of once a week. And in my opinion, Sir, I do not think we should accept this amendment for another reason also. The rate as it is now has emerged from what they call the popular Chamber, and they are always accusing us of meddling with their decisions, and as we have meddled with one of their decisions, namely, the salt tax, to-day I suggest that we should not meddle further.

THE HONOURABLE SETH GOVIND DAS: Will the Honourable Member tell me if the popular House had passed this amendment he would have accepted it, and whether measures passed by the popular House have generally been supported by the Honourable Member?

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: Sir, the other House has got its own ideas and we have our own. If they do a thing which is right in our opinion we should stick to it, and if they do something which we consider is not right we ought to go against it. I think we ought to be on their side this time and not meddle with this matter.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, it is not often that the Honourable Mr. Seth Govind Das and I happen to agree on any motion he brings forward in the House. To-day I am glad that in the matter of the reduction of the price of the post card, I am in entire agreement with him.

Sir, this question has been discussed in this House and elsewhere, so thr-adbare from all points of view, that there seem to be no new arguments to carry conviction to the Government. Reduction of post card prices has become an annual question and the Government also give the stereotyped reply. Beyond this, Sir, they do not move an inch from their position.

Sir, it was in 1922, I think, that the price of the postcard and letters was increased and ever since frequent attempts have been made to persuade the Government to reduce it but with no result. Sir, I learn that postal

facilities in the rural areas are to be improved and increased in the current year. If that be so, the primary requisite will be that these articles should be placed within the reach not only of the rich but of the poor agriculturist also. Sir, I wish to impress upon the Government as sincerely as I can that their numerous beneficent activities will be better appreciated by the poor villagers more by a reduction of the price of the post-card. Sir, the excuse for the continuance of this rate, however reasonable and cogent it may appear to us, is too technical for the comprehension of the unsophisticated villager. And as the financial arrangements and commitments of the Government stand at present, there seems to be no near possibility of reduction of the price. For, to combine a technical Department which has not or will not pay its way, with the Postal Department and to take your stand on the principle of commercialisation of its joint accounts and to declare in the same breath that unless this Department earns sufficient profits there is no possibility of a reduction, is to deny this much-needed relief for ever. Sir, it matters very little to the residents of remote villages whether you spend lakhs and tens of lakhs for keeping abreast of the latest developments in Wireless and Aviation. What does it matter to him whether you can talk on the telephone from one hill top to another or from Simla to Bombay or Calcutta? It is all the same to him, so long as greater facilities for his comfort and postal communication are not within his reach.

Sir, as I have said there are no new arguments either for or against the motion. In all earnestness and sincerity I appeal to Government, resourceful as it always is, to devise some means by which it can reduce the prices of the post-card, etc. I dare say that the Government Members cannot fail to appreciate our relation to the poor man in the villages, whose comfort and convenience we as his representatives are bound to further. We have knocked at the door of Government almost every year and it has so far baffled our efforts. But we shall continue the same process of knocking again and again until it opens.

Sir, I would request the Government to keep in view the poor man's post-card and so arrange their financial commitments next year that there will be no attempt on Government's part to justify the continuance of the present rate next year also.

With these observations I beg to support the amendment of my Hon-ourable friend Seth Govind Das.

THE HONOURABLE SIR BHUPENDRA NATH MITRA (Industries and Labour Member): Sir, the Honourable Mr. McWatters has dealt with the various points brought out by the speakers who preceded him so fully that there is very little for me to add to the remarks already made by him. We have been told that the reason underlying this demand is that the present rate for the postcard hits the poor man. I have often found it difficult to ascertain precisely who that poor man is. Is he the poor man in the rural areas? If so, in places in those rural areas there are no post offices, and until post offices are opened there, how is this poor man in the rural areas deprived of his opportunity of using the postcard by the rate being maintained at 2 pice?

THE HONOURABLE MR. P. C. DESIKA CHARI: Can he not walk to the nearest post office?

THE HONOURABLE SIR BHUPENDRA NATH MITRA: He will have to take a very long walk, Sir.

THE HONOURABLE MR. P. C. DESIKA CHARI: They are used to that.

THE HONOURABLE SIR BHUPENDRA NATH MITRA: He will have to walk miles and miles before he can send that postcard. Then as my Honourable friend Sir Umar Hayat Khan said, and he is perfectly correct, these poor men in the rural areas live in compact communities and their relations are all within a few miles of them. Therefore there is no real need for their writing postcards. My friend, the Honourable Mr. Lokenath Mukherji did appreciate that the argument of the poor man in the rural areas would not hold water. Therefore he turned his attention to the poor man in urban areas.

THE HONOURABLE LALA RAM SARAN DAS: Where is the need of village post offices then?

THE HONOURABLE SIR BHUPENDRA NATH MITRA: The need for village post offices was mentioned I think by some other Honourable Member. With the spread of education and the opening up of the rural areas, people from those areas are attracted more and more to the urban areas, and when that process is to some extent completed, the need for the use of postcards by these villagers in the rural areas will grow. My Honourable friend, Lala Ram Saran Das, said that the reason why we were opening these additional post offices in the rural areas is that we are deriving profits from these post offices, that they are adding to our surplus postal revenues. (*The Honourable Rai Bahadur Lala Ram Saran Das*: "Indirect revenues"). Now, Sir, I may tell my Honourable friend, as well as the other Members of this House that these post offices, when they are opened in the rural areas, are opened in the form of experimental post offices, and that they do not pay their way. (*The Honourable Seth Govind Das*: "Do the rural post offices pay in other countries?") No, Sir; but I am simply replying to an argument already used by my Honourable friend, Lala Ram Saran Das, when he said that we open these post offices in rural areas because they contribute to the postal surplus. I think, Sir, he made that remark.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: May I ask one question. Sir,—whether these experimental post offices are always opened for experiment for a certain period, and in case they do not prove to be profitable, they are then closed?

THE HONOURABLE SIR BHUPENDRA NATH MITRA: My Honourable friend is not correct. In the rural areas, a post office is first opened as an experimental post office. It does not at that stage pay its way. But still the Department maintains that post office, to the extent that the funds at its disposal permit of its doing so, as a means of making postal communications available to the poor man in the rural areas. Later on when that post office pays its way, it is made permanent. But an experimental post office does not necessarily mean that it is kept open for certain seasons of the year.

Now, Sir, I have heard a good deal about this poor man argument. What was the reason which led us to raise this postcard rate? It was fundamentally the large increase of expenditure which resulted from increasing the pay of the subordinate servants—the poor men—of the Post Office. (*The Honourable Srijut Lokenath Mukherjee*: "Still there is a surplus in the Postal Department?") The surplus, as has been

pointed out by my Honourable friend, Mr. McWatters, will be Rs. 8 lakhs in the year 1927-28. That 8 lakhs will not enable us to meet a loss of revenue of a crore. Now, in regard to the improvement of the conditions of service of these low-paid employees, as Mr. McWatters pointed out, a lot has still to be done, and therefore the need for maintaining this enhanced rate continues. But I wonder whether any of the Honourable Members in this House are serious when they drag in the poor man argument. Have not the poor man's earnings gone up largely in the course of the last 40 years, that is from the year 1881, when the rate for the postcard was originally fixed at one pice? I have got before me certain figures which were prepared by the Bombay Labour Office for the Currency Commission, and my Honourable friend, Sir Maneckji Dadabhoy, is no doubt already familiar with them. I find here that in urban areas, the particular class of locality to which reference was made by my Honourable friend, Srijut Lokenath Mukherjee, the nominal wages of the ordinary labourer had risen from 100 in 1900 to 300 in 1925, that is, they trebled themselves. (*An Honourable Member*: "What was the cost of living?") The cost of living has gone up from 100 to 181 and the cost of living must include the price of every article and of every service, and it must therefore include the price of the postcard. I admit that the cost of living has gone up. But the price of that postcard is an item in the cost of living. The poor man would certainly have a grievance if, while prices had gone up, his wages had not gone up; but the figures I have given show that while the cost of living has gone up, and that cost of living includes the price of the post card when the poor man has the occasion to make use of that postcard, the wages of the poor man in urban areas has gone up more than the rise in the cost of living. Similarly, if we take rural areas, here too I find that the nominal wages of the ordinary labourer in the rural areas in the Bombay Presidency has gone up from 100 in 1900 to 325 in 1925. (*The Honourable Mr. P. C. Desika Chari*: "What about other provinces?") I have no information about other provinces readily available, but I believe that in Madras too similar conclusions were arrived at by a Committee which was appointed by the Local Government to examine the rates of pay of the subordinate services. (*The Honourable Mr. P. C. Desika Chari*: "They were not the same conclusions.") Well, I am speaking from recollection, Sir; probably my Honourable friend knows more about it, but I am speaking of a Committee which submitted a report I think in 1921. (*The Honourable Mr. P. C. Desika Chari*: "Yes, they based it on jail dietary and famine rations.") Well, the Honourable Member may consider that their conclusions are wrong; I am simply giving the facts which have come before me.

Well, Sir, as I was saying, I have therefore never understood this poor-man argument, and I know that in another place my Honourable friend, Mr. Joshi, who takes a keen interest in the poor man, has never subscribed to the poor-man argument. (*An Honourable Member*: "He is interested only in labour.") Well, the labourer is a poor man, I should say he is probably the poorest of poor men. I think my Honourable friend, Srijut Lokenath Mukherjee was drawing attention to the poverty of the urban labourer.

Then, Sir, another of the Honourable Members of this House drew attention to the practice in the United States of America, and I was

[Sir Bhupendra Nath Mitra.]

told—(at this stage an Honourable Member was going to interrupt the Honourable Member), I am sorry, but probably the Honourable the President would not like me to give way on every occasion; I remember the rebuke he administered to my Honourable friend, Sir Maneckji Dadabhoy a little while ago—Now, one of the Honourable Members here referred to the practice in the United States of America where they run their post office at a deficit, that is, there is a certain amount of subsidy from the general tax-payer. I explained the other day in another place that that is due to the fact that official correspondence in that country, including what is known as parliamentary correspondence, that is, in this country the correspondence of every Member of this House as well as of the other House, is carried free of charge and under frank. Well if we were to do that in India, we should be compelled to run our postal services also at a deficit of a crore of rupees, because here every official letter at present has to be paid for by a service stamp and the revenue derived from these service stamps is a crore of rupees. If we gave up that practice and followed the practice in the United States of America, the result would be that we would have to run our Post Offices also at a deficit of a crore of rupees a year, the other Departments of Government benefitting to that extent. I wonder whether the Honourable Members in this House are also aware that in England the Post Office and the Telegraph Department as a whole is being run at a profit of nearly £4 million, and even so, the British Government do not think that the time has come for reducing the postal rates to the pre-war level. The reason for that is, as they have openly stated, that it is not an economic proposition at the present day to bring back the rate for the letter and the postcard to the pre-war level. Why it is not an economic proposition, I have already tried my best to explain to the House.

1 P.M.

As I understand the position, the demand for this reduction in the postcard rate is really based largely on sentiment. I have, however, no doubt that a House composed of business men, like those I see around me in this House, will not allow sentiment to outweigh the other and more important considerations to which Mr. McWatters and I have referred, namely, the development of postal facilities in rural areas and the improvement of the conditions of service of the postal subordinates. I think it was the Honourable Mr. Chari who said that we can meet the cost of this measure by reductions within the Department. He referred to the Retrenchment Committee's Report. There again, Sir, about this time last year I tried my best to explain in another place that we had given full effect to the Retrenchment Committee's recommendations, that in the direction of real economy we had gone beyond the recommendations of the Retrenchment Committee. But having reached a level of expenditure—I think the figure given by Mr. Chari of 8½ crores is fairly correct—having reached that figure, it is obviously impossible to stick to that figure. The expenses must go up with the development of the traffic. I should like in this connection to give a few statistics, which, I hope will convince the House that there is no material scope for further retrenchments in the Department. The bulk of the expenditure is on the pay and allowances of these subordinate employees. The total volume of postal traffic including parcels, and money orders has gone up from 1,081 millions in 1913-14 to 1,310 millions in 1925-26, that is by over 21 per cent. The strength of the staff, exclusive of the audit office and the road establishment which fluctuates

with the development of railways and motor services, has increased in that period from 74,000 to 88,000 or less than 20 per cent. Now, one of the standing grievances of the staff has been that they are compelled to work longer than 8 hours a day, which is the attendance prescribed by standing orders; and if we want to cut down the staff further, that grievance will be intensified and it is sure to re-act on the efficiency of the staff. I think it was also my Honourable friend Mr. Chari who asked "Why not reduce some of the highly paid officers in the department?"

THE HONOURABLE MR. P. C. DESIKA CHARI: I never said that. I merely said that even if there is increase in traffic the higher staff need not be increased.

THE HONOURABLE SIR BHUPENDRA NATH MITRA: I shall deal with that now. Probably my friend does not know that out of a total staff consisting of the 88,000 men I have mentioned and a road establishment of 17,000, altogether over a lakh, only about 300 are in receipt of pay of Rs. 300 and over and only 32 are in receipt of a pay of Rs. 800 and over. That is the higher staff in the Department. In fact, the House may take it from me that further retrenchment in the true sense of the word is not possible in this Department, not certainly in the Postal Branch of the Department, though on the Telegraph side we are still taking certain steps to introduce true economies in certain directions. The next point made was that if we reduce rates, there will be a large increase in traffic. I think it was my friend Mr. Ram Saran Das who immediately questioned that argument. He said that increase in traffic will take place, when business conditions improve and he was perfectly correct. A reduction in the rates by itself is not likely to lead to any large increase in the traffic. But as has been pointed out by the Honourable Mr. McWatters, if there is an increase in the traffic, that traffic will be unremunerative and will add to the loss, it will not reduce the loss in any way. The fact of the matter is, as I have already said, it is not an economical proposition at the present moment to reduce the postcard rate. Later on, probably with an increase in the traffic or fall in prices, it may be possible to reduce rates, as my Honourable friend Sir Maneckji Dadabhoy was anticipating. I cannot say that I am at the present moment as optimistic as he is. I am sure, however, that at the present moment it is impossible to reduce even the postcard rate without sacrificing the efficiency of the Department as a whole.

THE HONOURABLE THE PRESIDENT: The original question was—

"That Schedule I do stand part of the Bill."

Since which an amendment has been moved:

"That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head 'Postcards' the following be substituted:

' Single	...	...	...	...	Quarter Anna.
Reply	...	...	...	...	Half Anna'."

The question is that that amendment be made.

The Council divided :

AYES—14.

Desika Chari, The Honourable Mr. P. C.
Govind Das, The Honourable Seth.
Khaparde, The Honourable Mr. G. S.
Mahendra Prasad, The Honourable Mr.
Muhammad Hussain, The Honourable Mian Ali Baksh.
Mukherjee, The Honourable Srijut Lokenath.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Ramadas Pantulu, The Honourable Mr. V.

Rama Rao, The Honourable Rao Sahib Dr. U.
Roy Choudhuri, The Honourable Mr. Kumar Sankar.
Sett, The Honourable Rai Bahadur Nalininath.
Sinha, The Honourable Mr. Anugraha Narayan.
Suhrawardy, The Honourable Mr. Mahmood.
Zubair, The Honourable Shah Muhammad.

NOES—26.

Akbar Khan, The Honourable Major Nawab Mahomed.
Brayne, The Honourable Mr. A. F. L.
Charanjit Singh, The Honourable Sardar.
Commander-in-Chief, His Excellency the
Corbett, The Honourable Mr. G. L.
Dadabhoy, The Honourable Sir Maneckji.
Das, The Honourable Mr. S. R.
Evans, The Honourable Mr. F. B.
Froom, The Honourable Sir Arthur.
Gray, The Honourable Mr. W. A.
Habibullah, The Honourable Kham Bahadur Sir Muhammad, Sahib Bahadur.
Haig, The Honourable Mr. H. G.
McWatters, The Honourable Mr. A. C.

Mehr Shah, The Honourable Nawab Sahibzada Saiyad Mohamad.
Misra, The Honourable Pandit Shyam Bihari.
Nawab Ali Khan, The Honourable Raja.
Rainy, The Honourable Sir George.
Sams, The Honourable Mr. H. A.
Singh, The Honourable Raja Sir Harnam.
Stow, The Honourable Mr. A. M.
Swan, The Honourable Mr. J. A. L.
Symons, The Honourable Major-General T. H.
Tek Chand, The Honourable Diwan.
Thomas, The Honourable Mr. G. A.
Thompson, The Honourable Sir John Perronet.
Umar Hayat Khan, The Honourable Colonel Nawab Sir.

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The question then is:

"That Schedule I do stand part of the Bill."

The motion was adopted.

Schedule I was added to the Bill.

Schedule II was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That Schedule III do stand part of the Bill."

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadian): Sir, I rise to move the amendment which stands in my name and which runs as follows:

"In Schedule III to the Bill for Part II the following be substituted:

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income:—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first twenty-five thousand rupees of the excess	Nil.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or company, for every rupee of the first fifty thousand rupees of such excess	One anna in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess	One and a quarter annas in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna and six pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess	One anna and nine pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess	Two annas in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess	Two and a half annas in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess	Three annas in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess	Three and a half annas in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess	Four annas in the rupee.
(ix) for every rupee of the remainder of the excess	Four annas in the rupee.

My request in this amendment is a very modest one. Super-tax, as the House is aware, was imposed as a war measure, and as we have had surplus Budgets for the last three years, the time has now come when Government ought to give favourable consideration to the question of a reduction in the rates of super-tax, if we are not going to get rid of it altogether. During the Great War, Sir, the monied people rendered loyal

[Rai Bahadur Lala Ram Saran Das.]

services by freely and liberally subscribing to the war loans and to the various other public activities. Now, Sir, if we allow the present Schedule to remain, it means that the richer classes have to pay an income tax at the rate of $1\frac{1}{2}$ annas on the rupee, and if their income exceeds a certain amount, they have to pay 6 annas as super-tax, which means $7\frac{1}{2}$ annas altogether, or almost 47 per cent. of their gross income. This taxation I consider, Sir, is very hard on the rich people. Some people will question why, when I have not supported the cause of the poor in voting for a reduction of the salt duty, I should press the claim of the richer community. After all, Sir, the Government should treat all its subjects alike. I do want the richer people to be taxed more than the poorer people; let them be so taxed, but there must be some reasonable limit to the taxation. The rich have borne this tax patiently for a few years even after the War, say for at least seven years, and I now request the Honourable the Finance Member to see his way to reduce the rates of super-tax, as prayed for in my amendment. This will not involve a great loss to Government, but will give a stimulus to the normal agricultural, commercial and industrial interests of India. As far as I can make out, the loss will be somewhere between 40 and 45 lakhs. I give these figures subject to correction by the Finance Secretary, and even if we take a round figure of 50 lakhs, that will quite easily be compensated for from the general contingencies fund. Our revenues are over 125 crores a year and 50 lakhs will be somewhere about half per cent. The Government will be gaining about 7 lakhs from the re-imposition of the export duty on hides and they can find the rest of the money from the contingent fund. Sir, in my request I have been very modest. In case, Sir, we look at Part I of this Schedule we see that the increase between different grades is on a pice basis. I have also applied a similar basis here, and for bigger incomes I have adopted half an anna and I have limited the maximum super-tax to four annas. I think, Sir, that after all, the richness is determined by the savings that a person makes. In these days the cost of living having gone up, these rich people are also hard hit. So you see that the scales on lower incomes in my proposal are due to the consideration that their net savings do not amount to such an extent as to enable them to bear this extra burden of taxation. I need not take any more time because my proposition is a clear and simple one and deserving of the sympathetic consideration of the Government. With these few words I put forward this amendment for the favourable consideration of the House.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (North West Frontier Province: Nominated Non-Official): Sir, it is with a good deal of reluctance that I find myself unwillingly put to the unpleasant task of taking objection to the form of rates calculated for the purpose of super-tax. In the first place, at the time of its imposition it was described as merely a war measure. It was presumed, therefore, that it was to be abolished after the termination of the War. It is now some seven years since the War Lord has ceased to rule in Europe. The finances of the country have taken a turn in the direction of improvement and prosperity, and yet we see that no endeavour is made to abolish the measure which at the time of its imposition was said to be a temporary one. The worst of the thing is that the rates of collection are highly excessive. Its effects are keenly felt by every one of those liable to be super-taxed and it has

repeatedly been brought to the notice of the Government that the imposition of this tax at its existing rates is having drastic effect on all the tax-payers, but it is not understood why the Government do not see the necessity of considering the matter. It is a matter of surprise that every year some reductions are granted in several other duties, whereas no provision is made for a reduction of the super-tax. For instance, in the present Budget itself the export duty on tea and hides has been abolished. The import duty on motor cars has been reduced from 30 per cent. to 20 per cent. and on tyres from 30 per cent. to 15 per cent., but no provision has been made for a reduction in the rates of income-tax or super-tax, in spite of the fact that the present Budget yields a surplus of 3.64 crores of rupees. As a matter of fact, the income-tax and super-tax are a great burden on all those concerned, and I think I will have the support of a good many of the Honourable Members of this House in saying that a reduction in this respect is desired most earnestly. It is a pity that no reduction should be allowed to the payers of this tax, when it has been reduced in England and other countries as well. The amendment moved by the Honourable Lala Ram Saran Das, therefore, seems quite reasonable and I do not think that by adopting it the finances of the country will have to suffer much in this respect.

The most objectionable feature is the manner in which the assessment of this tax is being made now-a-days. The Income-tax Officers have their own way of making assessments and no regard is had to the returns submitted or the accounts produced in accordance with the Income-tax law. The course adopted by the Income-tax Department is somewhat coercive and greatly humiliating. I do not want to go into any descriptive detail of the difficulties experienced by the Income-tax payers at the hands of the Income-tax authorities, for these are quite well known to Honourable Members, but I cannot refrain from saying that, briefly speaking, these are causing a lot of inconvenience to tax-payers apart from the financial trouble that they are being put to on account of the treatment meted out to them at the hands of the assessing authorities. I would like, therefore, to venture to request the Government to give favourable consideration to this subject and that the Income-tax Officers should be instructed to be more reasonable in their method of making assessments. With these few words I heartily support the amendment moved by the Honourable Lala Ram Saran Das with regard to the reduction of the rates of super-tax. If nothing can be done this year in the matter, I would request the Honourable the Finance Member to keep this reduction in view when framing his next year's Budget.

THE HONOURABLE MR. A. F. L. BRAYNE: Sir, this amendment will cost the country 57 lakhs and not 45 lakhs, though my Honourable friend has estimated it fairly closely. As far as I can see it is designed throughout to benefit the Hindu undivided family. The position as regards the Hindu undivided family at present is that, whereas the ordinary individual pays super-tax after Rs. 50,000, the Hindu undivided family gets a benefit in that they do not pay until they reach Rs. 75,000. This applies to all incomes under a lakh of rupees, but in the case of incomes over a lakh Hindu undivided families and individuals are treated alike but this proposal would mean that the benefit over the individual which is now given only below one lakh of rupees to Hindu undivided families will be continued all through the various stages. The House by restoring the salt tax has already agreed

[Mr. A. F. L. Brayne.]

so far as this House is concerned, that provincial contributions should take precedence of reduction of any taxation, and I would ask the House to agree also in this case that provincial contributions should take precedence of any relief in respect of super-tax. The Honourable the Finance Member has already agreed to give special attention to any grievances which Hindu undivided families in particular may feel and I would ask the Honourable Member to rest satisfied with that until the provincial contributions have been reduced and until Government are in a position to consider how far they can reduce the scale of taxation. At that time I have no doubt that the claims of the poor supertax payers will receive attention. Otherwise 57 lakhs has got to be found, either by creating a deficit or by reducing the 545 lakhs that is available for the remission of provincial contributions, in which case the interests of Madras and the United Provinces would suffer a good deal. I think the Honourable Member suggested that we might possibly meet the deficit from debt redemption. Well, I am afraid the raiding of funds set aside for debt redemption is a most dangerous measure. It would only mean that the credit of India would suffer very severely, and you would find in the end that you would probably be paying higher rates for interest. (*An Honourable Member*: "Can you not meet it from contingencies?") What I had in mind was that the Honourable Member referred to debt redemption on the amendment for cheaper postal rates, and I wished to take this opportunity of referring to this argument about debt redemption. It has also been suggested that this super-tax was introduced as a War measure. Well, when the super-tax was introduced by Sir William Meyer, he stated categorically both in the debate on the Super-tax Bill in 1917 and in the budget debate of that year that it was not intended to be a temporary measure. It has been suggested that super-tax has been reduced in England and therefore should be reduced in India. But even so, though it has been slightly reduced, it is still very much higher in England than it is in India. Therefore I would ask the House to wait until Government are in a position to consider what taxation they can reduce. I therefore oppose the amendment.

THE HONOURABLE THE PRESIDENT: The original question was:

"That Schedule III do stand part of the Bill."

Since which an amendment has been moved:

"That in Schedule III to the Bill for Part II the following be substituted:

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income:—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first twenty-five thousand rupees of the excess	Nil.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna in the rupee.

	Rate.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or company, for every rupee of the first fifty thousand rupees of such excess	One anna in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess	One and a quarter annas in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna and six pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess	One anna and nine pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess	Two annas in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess	Two and a half annas in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess	Three annas in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess	Three and a half annas in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess	Four annas in the rupee.
(ix) for every rupee of the remainder of the excess	Four annas in the rupee.

The question I have to put is that that amendment be made.

The motion was negatived.

Schedule III was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I move that the Bill, as passed by the Legislative Assembly and amended by the Council of State, be passed.

THE HONOURABLE THE PRESIDENT: The question is:—

That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax, as passed by the Legislative Assembly and as amended by the Council of State, be passed."

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, the order of the day has been short speeches, quick despatch of business and summary disposal of the destinies of the people which are supposed to be entrusted to our care. I do not wish to break to-day's record by making any long speech but it is impossible for me, Sir, to vote on this motion without expressing what I consider to be the

[Mr. V. Ramadas Pantulu.]

genuine feelings of the vast majority of the people of this country. There is an absolute unreality about the whole procedure of the financial adjustments of the Government of India. The budget procedure and the vote for Demands is a meaningless formula, if not a farce. I say this, because taxation in this country is still almost entirely in the hands of the Executive, and such powers as are said to be invested in the Legislature are nominal, unreal and illusive. Even if the Legislature is inclined to make any change in the Finance Bill or in the Budget the head of the Executive has got an unrestricted power of veto, certification, recommendations and various other things. Therefore it argues that there is absolutely no room for the application of the well-known maxim of "no taxation without representation" or "redress of grievances before voting of supplies to the Government". Therefore it is a mere formality which we are performing, and I wish this House and the country to remember that I say this, for the reason that we here, the Congress men specially, are accused of taking a very unreasonable course in trying to throw out the Finance Bill in its entirety. We are asked, "How do you expect the Government to carry on its functions if you throw out the Finance Bill?" The answer is very simple. The throwing out does not mean anything at all from the point of view of the Government of India; but the throwing out has a very real meaning from the point of view of the people. The Government of India wants to delude not only the people of India, but also the people of the civilized world, into the belief that the Legislature in India has some part in voting the supplies of the Government and in adjusting the financial relations of the Government of India. That is an absolutely incorrect and untrue statement. Therefore what we want to do in opposing the Finance Bill in its entirety is to throw the entire responsibility for the financial administration of this Government on the shoulders of the Executive. We are not to be drawn into the trap of being led into the belief that we are in some way responsible for the financial policy of the Government of India. We are not responsible for that policy and the entire responsibility for that rests on the head of the Executive. That is what we want to demonstrate to the country by throwing out the Finance Bill. Let the claim of the Government of India for administering it wisely or unwisely rest entirely upon the executive branch of the administration, not upon the Legislature. That is what we desire to make clear by our attitude on the Finance Bill. Then Sir, I wish to point out also that we have all the more reason to repeat that process year after year because, even if the Government of India Act does not give us any powers to control the Executive and it continues irresponsible in theory and in practice, at any rate we hoped that the decision of the popular Assembly would have some effect on the mentality of the Executive when the Assembly year after year throws out the Demand under the head of the Executive Council's allowances and the Demand for the Army. These cuts are intended to be the popular expression of the dissatisfaction in the country over the way in which the civil and military affairs of the country are managed. Retrenchment, Indianization, and other reforms were asked for; if at least these were carried out in some substantial measure so as to give some amount of relief to the poor man and some amount of satisfaction to those who demand these reforms, we could at least have been able to say that we were able to influence the decision of the Government, though we could not control or regulate it. In that case, we could have felt that even to that extent we had received some

consideration at the hands of the Government of India. But far from it, Sir, the Government of India continues as irresponsible and as irresponsible as it has been before the Reforms. Therefore we have to continue this process of opposing in its entirety the Finance Bill year after year and show year after year that we are absolutely not responsible for the financial policy of the Government of India.

Then, Sir, I shall say one or two words regarding some branches of the administration. I shall say one word with regard to the revenue policy of the Government of India. Many Members of this House are aware that in India the land tax is levied and collected even to-day, after two centuries of British rule, merely by the Executive without the slightest legal sanction. Though it is one of the biggest items of revenue in India, it is collected by the Executive without the sanction of the Legislature. There is no parallel to this in any civilized country. The Joint Parliamentary Committee saw the absurdity of the position and recommended that as soon as the reforms were put into operation, the Provincial Governments should be helped to enact their land revenue codes and to place the collection and the assessment of land revenue on a statutory basis. That recommendation was made nearly a decade ago and my poor province has struggled hard to place upon the Statute-book a land revenue code. It is due to the persistent obstinacy of the Government of India that that proposal has not been carried out to this day. It is a matter of great dissatisfaction to this country that in spite of the recommendation of the Joint Parliamentary Committee, no province in this country has yet been enabled to pass a land code so as to place the land revenue on a statutory basis. The Government continues to be, and desires to continue to be, a landlord exacting rack-rent from his tenants; that is the theory they are following, and the Government of India is obstructive, and very obstinately obstructive in allowing the provinces to embark upon a policy of legalizing the land revenue. In this matter, then, the Government is entirely irresponsible. Periodic settlements, once in 30 years or so, are made irrespective of the economic condition of the people of this country to bear an additional burden. In my province, the Tanjore district, which is one of the deltaic tracts, was recently sought to be resettled by an all round enhancement of 25 per cent. It is because the people, the *mirasdars*, the law-abiding *mirasdars*, not the politicians of Tanjore, resorted to almost a no-tax campaign that the Government realised the gravity of the situation and climbed down, and the rate was reduced to 18½ per cent. and to this day the question is agitating the minds of the people of Tanjore. In various other parts of my province this land revenue settlement work is going on unchecked without any indication on the part of Government that they are going to settle the provinces hereafter on a legal basis. This policy is responsible for the very low economic condition of the agriculturists. If the Government of India after 200 years of British rule is not able to show that the agriculturist and the poor man in this country is not in a sounder position than he was, I do not think British rule has had any beneficial effects. It is a matter for regret that an Indian of the position of my Honourable friend, Sir Bhupendra Nath Mitra, said that he did not know who the poor man was. It is a pity he did not know. He also made the astounding statement that the wages in this country have risen considerably more in proportion to the cost of living. What is that living, I pray? My friends sitting on the opposite Benches know what living means in England and other countries. The standard of living of the poor man in this country is not considered to be

[Mr. V. Ramadas Pantulu.]

fit for even a dog in that country. The poor people here have not even two meals a day, and still the responsible Members of the Government of India assert that wages are higher than the cost of living. At the time, Sir, when the policy of appointing non-official Indians to the Viceroy's Executive Council was advocated, it was understood that the Indian Members would be able to see the Indian conditions and place the matter before the Government of India, and that when they stand in their places in this House and in the other House to justify the policy of the Government of India, they would do so if they are convinced that they are voicing the opinion of the people of this country. When they could not do so, it was expected that they would place their honest opinion before the Government of India, and that then the Secretary of State would have to look into the question whether the view of the Indian Members or that of the European Members of the Executive Council of the Viceroy was to prevail if there was a difference amongst them. That was the intention with which the Indian Members were appointed. That was definitely stated by Sir Sankaran Nair in his evidence before the Joint Parliamentary Committee. We see now, Sir, the Indian Members hardly stand up in their place to justify the major decisions of the Government of India, and the whole position is delegated to their European colleagues, and yet when occasionally an Indian Member does stand up to justify the financial policy of the Government of India, we come across one who does not know who the poor man is and who does not know what his cost of living is. It is, Sir, a sorry spectacle that we see here. All this shows that this formality of passing the Finance Bill and the Budget is ridiculous farce.

Then, Sir, coming to the excise policy, I learnt to my regret when I moved my Resolution regarding prohibition here that the Government of India's angle of vision has not changed in the least. Both the Provincial Governments and the Government of India receive huge revenues from this immoral source of drink which is eating into the vitals of the people of this country, and the tragedy of the situation is that it makes the poor man poorer. But what is it that the Government of India have done and propose to do to eradicate this evil? Every year they are enriching their Budgets by more excise revenue, and there is not the slightest indication on their part that they are going to wipe out this immoral revenue. Even a demand for a modest reform like local option is opposed by the Government of India. With regard to the provinces, as regards the Ministers, they are helpless because of the attitude of their British masters, and I do not blame the Ministers because I think they ought to be pitied. I do not want to hit them more than is necessary, because, as I say, they are to be pitied more than to be hit.

Then with regard to the military administration of this country, I think the Assembly was crying itself hoarse over retrenchment and Indianization, and what has been the response? Nil. A Committee like the Territorial Force Committee has reported, and no action is taken upon it; and then with regard to the Skeen Committee's Report, even that report is not even now published. The army experts in England are doctoring it and we do not know in what form and shape it would reach the Government of India, when the Government of India would formulate their proposals, and when those proposals would come before the country. But when it is a question of the pay and allowances and pensions of the heaven-born services which are concerned, Lee Commissions and the like come out

notwithstanding the Assembly voting against the expenditure on them, work with very great rapidity, report their recommendations. The reports are quickly considered and their recommendations are placed before the Secretary of State even before they are published here, proposals are formulated even with retrospective effect and carried into effect immediately, with back pay and back pension. That is the way in which, Sir, this policy is being carried on. I cannot call it a policy which is for the benefit of India, I can only characterise it as a policy of exploitation, intended purely for the benefit of the ruling class and the vested interests in whom they are interested. There are, Sir, very many other branches of administration to which I can allude, but I will keep my promise to you that I do not wish to detain this House long. The tale of misdeeds of the Government of India is so long that even if you give me a whole day it will not be possible for me to finish it.

I will only repeat once more that I oppose this Finance Bill, that I oppose this motion, to show that we entirely dissociate ourselves from any responsibility for the financial administration of this country, and place the whole responsibility upon the Executive's shoulders and make them responsible to the people, because they pretend that they are responsible only to Parliament and the people and they are not responsible to the Legislature. There is no use telling us that the Legislature did this or that. We have done nothing of the sort; it is the Executive Government that is doing it and takes the full responsibility for it.

THE HONOURABLE SIR BASIL BLACKETT (Finance Member): Sir, I do not desire to detain the House at any length of time or to deal much with the finance contained in this Finance Bill. My object is to say a few words in reply to what the Honourable Member who has just spoken had to say about his part in what he described as this formality of dealing with the Finance Bill in which he is now engaging himself. I find it very difficult to understand the pathetic desire of the Honourable Member and those who think like him for irresponsibility. They clamoured for years for a share of responsibility. They were given a certain responsibility, not full responsibility, but a certain responsibility by the Government of India Act of 1919, and they take pathetic delight in getting up and saying that they do not want that responsibility, they do not want it and they repudiate it.

THE HONOURABLE SIR MANECKJI BYRAMJI DADABHOY: Then why are they here?

THE HONOURABLE SIR BASIL BLACKETT: I was wondering why they were here.

The Honourable Member has this morning voted for his view in regard to one or two matters and thereby exercised at any rate a certain amount of responsibility, but I would like to draw his attention to the fact that he is taking part at the moment in a very responsible decision. The Government of India Act, it is perfectly true, leaves to the Governor General the power to take a certain action without the full assent of both Houses of the Legislature if he regards it as essential in the interests of India, but the Government of India Act does not give power to the Governor General to overrule the decision of the Legislature on a matter where he cannot say that he regards it as essential for the interests of India, although he may regard it as extremely desirable for the interests of India that he

[Sir Basil Blackett.]

should get rid, for example, of provincial contributions this year. It is the view of the Government of India that it is most desirable that we should get rid of provincial contributions this year and that in view of the present financial situation it is better to maintain the salt tax at its present level and not to tax the provincial tax-payer to make up the difference. Certain Members of this House including Mr. Pantulu want to tax the provincial tax-payer and to reduce the salt tax. The majority of this House have taken the other view. In coming to a decision, this House, as part of a responsible Legislature, will have taken a decision where the responsibility of that Legislature will be absolute. Either the salt tax will be maintained at the present level by the consent of both Houses of the Legislature or provincial tax-payers will be taxed to make up the difference; and that decision is a decision that is absolutely in the hands of the Legislature of this country. Is it not therefore rather pathetic that the Honourable Member should come forward and say "We do not want responsibility and we want to go back to the happy time when we had no responsibility and when we could criticise freely without any possible dangers resulting from our giving our votes?" That is the

THE HONOURABLE MR. V. RAMADAS PANTULU: May I know what you did when you wanted a duty of Rs. 2-8-0 and we did not want Rs. 2-8-0?

THE HONOURABLE SIR BASIL BLACKETT: In that case the position of the Governor General was that in view of the fact that the Budget would otherwise be in deficit it was essential in the interests of India that the higher duty should be imposed. In the current year it is no question of deficit. It is a question whether the central tax-payer through the salt tax or the provincial tax-payer through provincial taxation should make up a sum of about Rs. 3 crores and it is an absolutely responsible decision which has to be taken by this Legislature as to which of these two courses is to be taken. I say, therefore, that it is rather pathetic that the Honourable Member should come here and say, "For goodness' sake do not make us responsible."

THE HONOURABLE SETH GOVIND DAS: On a point of personal explanation, it is

THE HONOURABLE SIR BASIL BLACKETT: I have listened to the Honourable Member and his colleagues in another place at some length and I am entitled to say a few words in reply. I was interested the other day in a debate in another place to hear one Honourable Member getting up and saying that he would have been very much happier if he had never learnt English, then he would have had none of the aspirations of taking part in politics, etc., and that he would have been happy in his village and would have been governed beautifully by an autocratic Government and in every way he would have been happy. I am not quite sure that the Honourable Member would really have been happy. This is the difficulty of the present situation. The British people and those who represent them in this country and the British Parliament in passing the Government of India Act came to the conclusion that they were not satisfied to leave the Honourable Member pathetically content with an autocratic Government imposed from outside for ever and ever, that the responsibility

which God and history had placed upon the British nation made it absolutely essential that it should try and associate Indians with the Government of India with a view to the development of responsible self-government. I dare say that for the moment a great many of us would be happier if we did not occasionally have to take this responsibility. But I do suggest that the Honourable Mr. Pantulu and his friends should not pathetically disclaim the desire for responsibility but should join the rest of their country men with whom they are sitting in this House and in the other House in the advancement of the time when their responsibility will be larger and the aspirations both of India and of the British Parliament will lead to larger results.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax, as passed by the Legislative Assembly and as amended by the Council of State, be passed."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: In view of the fact that the Council has made an amendment in the Finance Bill it will be necessary for the Council to remain in Session until it is known what happens to the Bill in another place. There is one item of business for to-day. In view of the lateness of the hour for adjournment, I am suggesting, if the Honourable the Leader of the House has no objection, that that item should be taken at our next meeting.

The Council then adjourned till Eleven of the Clock on Tuesday, the 29th March, 1927.

COUNCIL OF STATE.

Tuesday, 29th March, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in accordance with Rule 25 of the Indian Legislative Rules, I lay on the table copies of a Bill further to amend the Presidency-towns Insolvency Act, 1909, and the Provincial Insolvency Act, 1920, for certain purposes, which was passed by the Legislative Assembly at its meeting held on the 28th March, 1927.

MESSAGES FROM THE LEGISLATIVE ASSEMBLY.

SECRETARY OF THE COUNCIL: Sir, four Messages have been received from the Legislative Assembly. The first Message is:

"I am directed to inform you that the Legislative Assembly have, at their meeting of the 26th March, 1927, agreed without any amendments, to the following Bills which have been passed by the Council of State:

1. The Bill further to amend the Madras Salt Act, 1889, for a certain purpose.
2. The Bill further to amend the Provident Funds Act, 1925, for certain purposes."

The second Message is:

"In accordance with Rule 36 (1) of the Indian Legislative Rules, I am directed to inform you that the amendment made by the Council of State in the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax, was taken into consideration by the Legislative Assembly at their meeting to day, the 28th March, 1927, and that the Assembly have agreed to the amendment."

The third Message is:

"In accordance with Rule 36 (1) of the Indian Legislative Rules, I am directed to inform you that the amendments made by the Council of State in the Bill further to amend the Indian Limitation Act, 1908, for a certain purpose, were taken into consideration by the Legislative Assembly at their meeting of to-day, the 28th March, 1927, and that the Assembly have agreed to the amendments."

The fourth Message is:

"I am directed to inform you that the Legislative Assembly have, at their meeting of the 28th March, 1927, agreed without any amendments, to the following Bills which have been passed by the Council of State:

1. The Bill further to amend the Sea Custom Act, 1878, for a certain purpose.
2. The Bill to amend certain enactments and to repeal certain other enactments."

GOLD STANDARD AND RESERVE BANK OF INDIA BILL.

NOMINATION OF MEMBERS TO SERVE ON THE JOINT COMMITTEE.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I move that the following Members of the Council of State be nominated to serve on the Joint Committee to consider and report on the Bill to establish a gold standard currency for British India and to constitute a Reserve Bank of India, namely:

The Honourable Mr. Ramadas Pantulu, the Honourable Seth Govind Das, the Honourable Rai Bahadur Lala Ram Saran Das, the Honourable Sardar Charanjit Singh, the Honourable Mr. McWatters, the Honourable Nawab Sir Umar Hayat Khan, the Honourable Mr. P. C. D. Chari, the Honourable Sir John Bell, the Honourable Mr. Mahmood Suhrawardy, the Honourable Mr. Manmohandas Ramji, the Honourable Sir Phiroze Sethna, the Honourable Sir Sankaran Nair, the Honourable Mr. Kumar Sankar Roy Choudhuri, and the Mover.

The motion was adopted.

IMPERIAL BANK OF INDIA (AMENDMENT) BILL.

NOMINATION OF MEMBERS TO SERVE ON THE JOINT COMMITTEE.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I move that the following Members of the Council of State be nominated to serve on the Joint Committee to consider and report on the Bill further to amend the Imperial Bank of India Act, 1920, for certain purposes, namely:

The Honourable Mr. Ramadas Pantulu, the Honourable Seth Govind Das, the Honourable Rai Bahadur Lala Ram Saran Das, the Honourable Sardar Charanjit Singh, the Honourable Mr. McWatters, the Honourable Nawab Sir Umar Hayat Khan, the Honourable Mr. P. C. D. Chari, the Honourable Sir John Bell, the Honourable Mr. Mahmood Suhrawardy, the Honourable Mr. Manmohandas Ramji, the Honourable Sir Phiroze Sethna, the Honourable Sir Sankaran Nair, the Honourable Mr. Kumar Sankar Roy Choudhuri, and the Mover.

The motion was adopted.

INDIAN LIGHTHOUSE BILL.

NOMINATION OF MEMBERS TO SERVE ON THE JOINT COMMITTEE.

THE HONOURABLE MR. G. I. CORBETT (Commerce Secretary): Sir, I move that the following Members of the Council of State be nominated to serve on the Joint Committee to consider and report on the Bill to consolidate and amend the law relating to the provision, maintenance and control of lighthouses by the Government in British India, namely:

The Honourable Mr. S. R. Das, the Honourable Sir John Bell, the Honourable Sir Phiroze Sethna, the Honourable Mr. Ramadas Pantulu, the Honourable Mr. P. C. D. Chari, and the Mover.

The motion was adopted.

**ELECTION TO THE PANEL FOR THE STANDING ADVISORY
COMMITTEE OF THE DEPARTMENT OF EDUCATION, HEALTH
AND LANDS.**

THE HONOURABLE THE PRESIDENT: The Council will now proceed to elect the panel of 6 Members from which the members of the Standing Advisory Committee for the Department of Education, Health and Lands will be nominated.

I would call the attention of Honourable Members to the fact that the Honourable Mr. Suhrawardy has withdrawn his nomination. I believe his name is struck out from the paper. There remain 8 candidates for 6 vacancies.

(The ballot was then taken.)

This is the last meeting of the Council in the Delhi Session and I shall not be able to announce the result of this election in the House. The result will be communicated to Honourable Members by circular. The Council will now adjourn to a date and place which will be notified to Honourable Members hereafter.

The Council then adjourned *sine die*.

